**NATIONAL SENIOR CERTIFICATE**

GRADE 12

**SEPTEMBER 2022**

**ECONOMICS P1**
**MARKING GUIDELINE**

MARKS:    150

This marking guideline consists of 21 pages.

**SECTION A (COMPULSORY)**

**QUESTION 1**

1.1 **MULTIPLE-CHOICE QUESTIONS**

    1.1.1   B   –   I + G + X   > S + T + M ✓✓
    1.1.2   C   –   Jugler ✓✓
    1.1.3   A   –   ineffectiveness ✓✓
    1.1.4   A   –   improvement ✓✓
    1.1.5   D   –   cost of doing business ✓✓
    1.1.6   B   –   integration ✓✓
    1.1.7   C   –   M1 ✓✓
    1.1.8   D   –   common market ✓✓        **(8 x 2)**    **(16)**

1.2 **MATCHING ITEMS**

    1.2.1   D   –   a small initial increase in spending produces a proportionately larger increase in aggregate national income ✓
    1.2.2   F   –   independent factors that influence business cycles and originate outside the economy ✓
    1.2.3   G   –   System which allows value of currency to respond to market forces with central bank interventions ✓
    1.2.4   A   –   Redistribution of income and wealth ✓
    1.2.5   H   –   An official state ban on trade with a particular country ✓
    1.2.6   C   –   redress programme due to discriminatory laws in the past ✓
    1.2.7   E   –   enjoy incentives such as tax relief and support systems to promote industrial development. ✓
    1.2.8   I   –   An international institution established to promote economic recovery and development ✓    **(8 x 1)**    **(8)**

1.3 **GIVE THE TERM**

    1.3.1   Circular flow ✓
    1.3.2   Merit goods ✓
    1.3.3   Devaluation ✓
    1.3.4   Economic growth ✓
    1.3.5   Economically active population ✓
    1.3.6   Corridor ✓        **(6 x 1)**    **(6)**

                          **TOTAL SECTION A:**    **30**

**SECTION B**

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

**QUESTION 2: MACROECONOMICS**

2.1   2.1.1   **Name any TWO features of the fiscal policy.**

- Goal-bound ✓
- Demand-based ✓
- Cyclical ✓                     (Any 2 x 1)    (2)

     2.1.2   **How would a positive multiplier effect influence the economy?**

It can influence the economy by:
- firms increasing production and selling more goods. ✓✓
- having some firms hiring more workers to meet the higher demand as output increases ✓✓
- providing income to households which will increase spending ✓✓
- contributing to an increase in economic growth. ✓✓

(Accept any other correct relevant answer.)      (Any 1 x 2)    (2)

2.2   **DATA RESPONSE**

     2.2.1   **Which letter represents imports from the above data?**

A ✓                                                    (1)

     2.2.2   **Which international institution can help countries with funds to correct fundamental deficit?**

International Monetary Fund (IMF) ✓                (1)

     2.2.3   **Briefly describe the term *balance of payment.***

A systematic record of all trade and financial transaction of a country with the rest of the world. ✓✓
(Accept any other relevant correct response.)             (2)

2.2.4   **Explain the relationship between the exchange rate of a country and the current account balance.**

- An overvalued exchange rate means that the country's exports will be relatively expensive and imports cheaper ✓✓
- Spending on imports increases which leads to continuous deficits on the current account of the balance of payment ✓✓
- An undervalued country's currency makes the country's imports relatively expensive than its exports ✓✓ leading to fundamental surpluses as more is earned from the import payments ✓✓

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

2.2.5   **Why it is important to analyse a country's balance of payments data?**

Balance of payment data:
- provides detailed information about the supply and demand of the country's currency. ✓✓
- can be used to evaluate the performance of the country in international economic competition. ✓✓
- indicates a country's international payment gap that must be financed by the government's official reserve transactions. ✓✓
- ensures maximum exchange control ✓✓

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

2.3   **DATA RESPONSE**

2.3.1   **Name any ONE method of calculating gross domestic product.**

- Production ✓
- Expenditure ✓
- Income ✓                                          (Any 1 x 1)     (1)

2.3.2   **What  is taken into account on products when converting basic prices to market  prices?**

- Taxes ✓
- Subsidies ✓                                       (Any 1 x 1)     (1)

2.3.3   **Briefly describe the term *gross domestic product*.**

Value of all final goods and services produced within the borders of a country for a specific period. ✓✓
(Accept any other relevant correct answer.)          (1 x 2)     (2)

2.3.4 **How can economists ensure accuracy of GDP figures?**

By adding only the value of final goods and services when compiling the figures. ✓✓
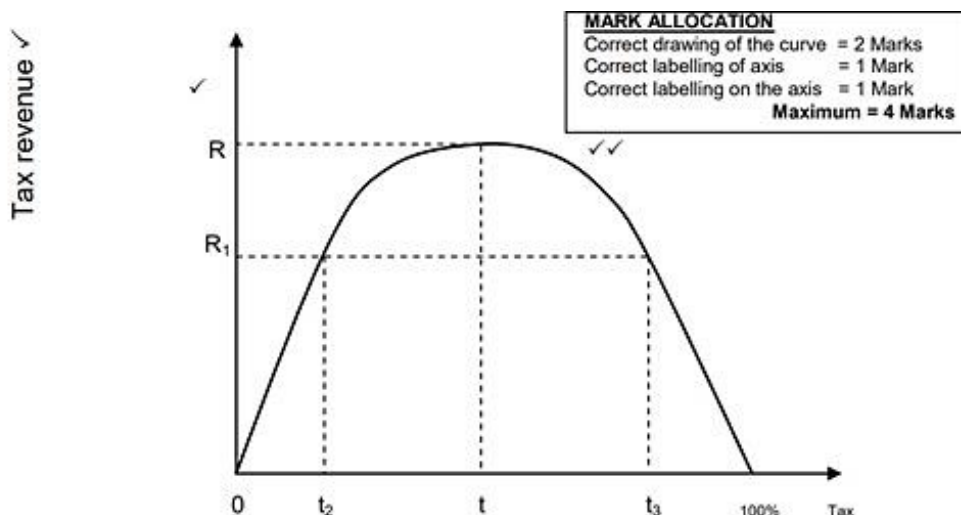(Accept any other correct relevant response.)　　　(1 x 2)　(2)

2.3.5 **Why is real GDP a preferred measure of economic growth rather than nominal GDP?**

Real GDP is preferred more than nominal GDP because:
- it uses constant prices, making comparisons between years more meaningful ✓✓
- it allowes for comparisons of the actual volume of goods and services without considering inflation ✓✓
- by removing inflation, real GDP provides the most accurate figures by which to express and monitor an economy's changes over time. ✓✓

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

2.4 **With the aid of a well-labelled Laffer curve, explain the relationship between a tax rate increase and its effect on state revenue.**



MARK ALLOCATION
Correct drawing of the curve = 2 Marks
Correct labelling of axis = 1 Mark
Correct labelling on the axis = 1 Mark
**Maximum = 4 Marks**

**Effects of a tax increase on state revenue**
- As the tax rate increases, tax revenue increases ✓✓
- Where the curve peaks (at tax rate t) the tax to government maximises ✓✓
- At tax rates higher than t, state revenue will decline because workers will refuse to work or disclose their income (evasion/avoidance) ✓✓

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

2.5　**How do financial markets benefit the economy?**

- Financial markets help to efficiently direct the flow of savings and investment in the economy ✓✓
- They do this in ways that facilitate the accumulation of capital and the production of goods and services. ✓✓
- The markets make it easy for buyers and sellers to trade their financial holdings. ✓✓
- Financial markets provide finance for companies so they can hire, invest and grow. ✓✓
- Financial markets play a vital role in facilitating the smooth operation of other markets by allocating resources and creating liquidity for businesses and entrepreneurs. ✓✓
- Financial markets create securities products that provide a return for those who have excess funds (Investors/lenders) ✓✓ and make these funds available to those who need additional money (borrowers). ✓✓

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

**[40]**

**QUESTION 3:  ECONOMIC PURSUITS**

3.1     3.1.1     **Name any TWO services which are regarded as social indicators.**

- Electricity ✓
- Refuse/Garbage removal ✓
- Water supply ✓
- Sanitation ✓                                    (Any 1 x 2)     (2)

3.1.2     **How do Special Economic Zones improve industrial development?**

- Special Economic Zones have connectivity to both suppliers and potential markets whilst promoting export-orientated industries and local integration. ✓✓
- They, therefore stimulate employment and industry growth and social development .✓✓

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

3.2     **DATA RESPONSE**

3.2.1     **Name any ONE of South Africa's top export products.**

- Gold ✓
- Platinum ✓
- Coal ✓
- Cars ✓
- Diamonds ✓

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

3.2.2     **Which international organisation regulates free trade between countries?**

World Trade Organisation / WTO ✓                                    (1)

3.2.3     **Briefly describe the term *export promotion*.**

Export promotion refers to measures undertaken by the government in order to encourage local producers to produce more to sell to other countries. ✓✓

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

3.2.4     **Explain a reason the government supports export promotion.**
- Export promotion enlarges the production capacity of the country and leads to economic growth ✓✓
- Through export promotion more workers will be employed and prices will be reduced ✓✓
- Export promotion helps correct the balance of payment disequilibrium as there will be more flow of money into the country ✓✓
- (Accept any other correct relevant response.)     (Any 1 x 2)     (2)

3.2.5 **How does free trade contribute to improved economic growth?**

Free trade contributes to improved economic growth through:
- increasing world output when countries specialise in what they are relatively best at ✓✓
- reducing unit costs of production by maximising economies of scale. ✓✓
- increasing competition which encourages innovations ✓✓
- improving global efficiency by allowing more efficient allocation of resources ✓✓
- (Accept any other correct relevant response).      (Any 2 x 2)      (4)

3.3 **DATA RESPONSE**

3.3.1 **Name any ONE industrial development policy in South Africa.**

- National Industrial Policy Framework (NIPF) ✓
- Industrial Policy Action Plan (IPAP) ✓

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

3.3.2 **Which financial incentive is used to attract businesses to operate in the Industrial Development Zones (IDZs)?**

Custom free incentive/Duty – free incentive ✓                  (1)

3.3.3 **Briefly describe the term *industrial development*.**

Industrial development refers to policies that are aimed at the encouragement of industrial investment and greater industrial efficiency. ✓✓

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

3.3.4 **Explain the importance of industrial development in South Africa.**

- establishes large scale manufacturing, agricultural, mining and services production and create jobs in the process ✓✓
- diversifies the economy and achieve high rates of savings and investment ✓✓
- develops and maintains appropriate incentives to attract investors. ✓✓

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

3.3.5    **How would regional development in South Africa benefit the whole of Africa?**

- South Africa is regarded as a gateway into Africa. ✓✓
- Through regional development in South Africa, neighbouring countries could use our ports and airports for export opportunities. ✓✓
- South Africa's regional approach will provide strategic direction in terms of South Africa's trade position in the Southern Customs Union and the Southern African Development Community. ✓✓
- South Africa's regional development programmes in the infrastructure will improve economic development in the activities of African Union (AU), and the New Partnership for Africa's Development (NEPAD). ✓✓

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

3.4    **Differentiate between *producer price index* and *consumer price index* as economic indicators.**

Producer Price index (PPI)
- PPI is used to measure the prices of domestically produced goods ✓✓
- Pertains to cost of production ✓✓
- It also measures an increase or decrease in the price of imported goods. ✓✓
- When the rand depreciates it will first be reflected in the PPI. ✓✓
- Prices exclude VAT                 (Any 2 x 2)

Consumer Price index (CPI)
- It represents the cost of a shopping basket of goods and services of a typical SA household. ✓✓
- Capital and intermediate goods are excluded ✓✓
- It show changes in the purchasing power of the rand. ✓✓
- Pertains to cost of living ✓✓
- Prices include VAT
- This is the official index used in inflation targeting. ✓✓     (Any 2 x 2)     (8)

3.5 **How can the government reduce unemployment in the economy?**

The government can reduce the level of unemployment by:
- improving education and training by applying the skills development programmes to help reduce structural employment and ensure better remuneration that will stimulate demand and production ✓✓
- offering geographical subsidies to encourage firms to invest in underdeveloped regions so as to absorb unemployed youths and provide them with internships required to utilise the latest technology required in production processes ✓✓
- lowering minimum wage to reduce real wage unemployment ✓✓
- allow more flexible labour markets to make it easier to hire and fire workers ✓✓
- providing employment through EPWP ✓✓
- using government policies that will increase aggregate demand, such as decreasing interest rates, tax cuts and increasing government spending. ✓✓

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

**[40]**

### QUESTION 4:  MACROECONOMICS AND ECONOMIC PURSUITS

4.1   4.1.1   **Name TWO main items used to calculate the trade balance.**

- Exports ✓
- Imports ✓                                                          (2 x 1)   (2)

4.1.2   **What effect does subsidies on production have on gross value added?**

- Subsidies on production change the cost production of goods and, as a result, the quantity produced ✓✓
- They decrease the gross value added figures ✓✓
(Accept any other correct relevant response.)          (Any 1 x 2)   (2)

4.2   **DATA RESPONSE**

4.2.1   **Identify a source of government revenue from the data above.**

Tax ✓                                                                        (1)

4.2.2   **What percentage of public debt to  nominal GDP is accepted as the general debt rule?**

60% ✓                                                                        (1)

4.2.3   **Briefly describe the term** *budget.*

Budget is the statement of government's planned expenditure and anticipated income for the fiscal year. ✓✓
(Accept any other correct relevant response.)                             (2)

4.2.4   **What is the purpose of the MTBPS?**

- It allows government departments to apply for adjustments to their budgets, and request additional funds for unforeseeable and unavoidable expenditure. ✓✓
- It indicates how government intends allocating the upcoming national budget. ✓✓
(Accept any other correct relevant response)          (Any 1 x 2)   (2)

4.2.5   **How can the government increase its  revenue?**

The government can increase its revenue by:
- getting more people and companies to pay income and company tax ✓✓
- implementing strategies and policies to increase economic growth ✓✓
- expanding tax base by creating more job opportunities ✓✓
- better service delivery to avoid tax evasion by gaining citizens trust in government ✓✓
- simplifying tax collection systems to lower tax evasion ✓✓
(Accept any other correct relevant response.)          (2 x 2)   (4)

4.3  **DATA RESPONSE**

4.3.1  **Name ONE reason for the increase in urbanisation in South Africa.**

- Looking for jobs ✓
- Greater economic opportunities in urban areas ✓

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

4.3.2  **What socio-economic issue may arise because of unplanned urbanisation?**

- An increase in crime ✓
- An increase in unemployment ✓
- Poverty ✓                                           (1)

4.3.3  **Briefly describe the term *urbanisation.***

Urbanisation is the movement of people from rural areas to urban areas. ✓✓
(Accept any correct relevant response.)                    (2)

4.3.4  **Explain the negative effect of rapid urbanisation on the environment**

- Poor air and water quality ✓
- Insufficient water availability ✓
- Waste-disposal problems ✓
- High energy consumption ✓

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

4.3.5  **How can the government reduce the problem of unplanned urbanisation?**

- Government must ensure access to essential social services namely education, health, sanitation and clean water, technology, electricity, and food. ✓✓
- Private investments should be encouraged to create more job opportunities in underdeveloped areas. ✓✓
- Provide campaigns and counseling for effective family planning to help reduce the high rates of population growth. ✓✓

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

4.4 **Discuss mass production and efficiency as effects of international trade.**

Mass production
- If domestic demand is added to foreign demand, it makes large scale production (mass production) possible ✓✓
- The production of manufactured goods requires that it should take place on large scale to make it affordable and profitable, e.g manufacturing of computers, cellphones, cars etc. ✓✓
- Small countries can only compete with larger countries if they specialise and export successfully. ✓✓
- South African businesses export to African countries ✓✓ (Any 2 x 2)

Efficiency
- Unlimited international trade increase competition ✓✓
- Competition increase efficiency as it eliminates and reduce unnecessary cost and waste ✓✓
- Increased efficiency leads to lower costs and lower prices ✓✓
- Lower prices mean that the same income can buy more goods and services ✓✓ which leads to increased standard of living ✓✓

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

4.5 **Explain the challenges in implementing a policy of protection.**

A policy of protection has the following challenges:

- industries that have been granted protection, tend to become dependent on it and can never survive financially without it ✓✓
- some industries were not protected against price-cutting / dumping of foreign goods and services ✓✓ for example the dumping of chicken by the USA ✓
- the rising of unemployment figures (35%) compromised the standard of living due to a lower demand impacting negatively on local production ✓✓
- the disadvantages of higher prices against the advantages of lower imported prices is difficult to weigh up in the long term ✓✓
- protection largely encourages import substitution which dampens economic growth and job creation ✓✓
- it is difficult for the government to determine when to phase out protection, because if it is done too early, it will leave the industries vulnerable ✓✓
- the inflation spiral is activated, because the costs involved in protection means that locally produced goods are more expensive than imported goods ✓✓
- it is difficult to identify infant industries that maybe granted temporary protection ✓✓

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

**SECTION C**

**QUESTION 5:  MACROECONOMICS**

- **Discuss in detail the features underpinning forecasting in business cycles?**        **(26 marks)**
- **Analyse the negative impact of business cycles on the economy.**
       **(10 marks)**

**INTRODUCTION**

Business cycles can be used to make economic forecasts (predicting future events) / A business cycle can be described as successive periods of increasing and decreasing economic activities ✓✓
(Accept any other correct relevant introduction.)        (2)

**MAIN PART**

Leading economic indicators ✓
- These are indicators that change before the economy changes/coincide with the reference turning point. ✓✓
- They give consumers, businesses and policy makers a glimpse of where the economy is headed. ✓✓
- They reach the peak before the economy reaches the peak. ✓✓
- Most important type of indicator in helping economists to predict what the economy will be like in the future. ✓✓
- When these indicators show prosperity, the level of economic activities will also rise in a few months' time ✓✓ e.g. number of new vehicles sold, real exports of goods, etc. ✓

Coincident economic indicators ✓
- They move at the same time as the economy. If the turning point of a specific time series variable coincide with the reference turning point. ✓✓
- It indicates the current state of the economy ✓✓ e.g. retail sales. ✓✓
- If the business cycle reaches a peak and then begins to decline, the value of retail sales will reach a peak and then begin to decline at the same time. ✓✓

Lagging indicators ✓
- They do not change direction until after the business cycle has changed its direction. ✓✓
- They serve to confirm the behaviour of coincident indicators ✓✓ e.g. new machinery sold. ✓
- If the business cycle reaches the peak and begins to decline, we are able to predict the value of new machinery sold. ✓✓

Composite indicators ✓
- It is a grouping of various indicators of the same type into a single value. ✓✓
- The single figure forms the norm for a country's economic performance. ✓✓

Length ✓
- This is the time that it takes for a business cycle to move through one complete cycle. It is measured from peak to peak/trough to trough. ✓✓
- It is useful to know the length because the length tends to remain relatively constant over time. ✓✓
- If business cycles have longer length, we consider the economy to be strong. ✓✓

Amplitude ✓
- It is the difference between the total output between a peak and a trough. ✓✓
- It measures the distance of the oscillation of a variable from the trend line. It is the intensity of the upswing and downswing in economic activity. ✓✓
- The larger the amplitude the more extreme the changes that may occur. ✓✓

Trend ✓
- A trend is the movement of the economy in a general direction. ✓✓
- It usually has a positive slope because the production capacity of the economy increases over time. ✓✓
- Trends are useful because they indicate the general direction in which the economy is headed. It indicates the rate of increase or decrease in the level of output. ✓✓

Extrapolation ✓
- This is the technique of using past data to make predictions about the future. ✓✓
- It is also used to make economic predictions in other settings ✓✓ e.g. prediction of future share price. ✓

Moving average ✓
- It is a statistical analytical tool that is used to analyse the changes that occur in a series of data over a certain period of time. ✓✓
- Moving averages can be calculated for the past three months in order to smooth out any minor fluctuations. ✓✓

(Accept any other relevant and correct response)
(Both sub-headings and examples are marked to a maximum of 8 marks)

Max.   (26)

## ADDITIONAL PART

- Periods of rapid growth in GDP lead to inflation with various economic costs which lead to a recession ✓✓
- A contraction in the economy causes aggregate demand to decrease which in turn causes a decrease in supply ✓✓
- In a global recession the demand from other countries for South African products decreases ✓✓
- Recession represents a large wastage of resources and prolonged period of unemployment which can also lead to a loss of labour productivity. ✓✓
- The uncertainty created by business cycles cause lower investment and this can lead to lower long-term economic growth. ✓✓

- In a recession, inefficient firms go out of business and increase unemployment ✓✓
- In a global recession the demand from other countries for South African products decreases. ✓✓
- The demand for the rand decreases , the rand exchange rate depreciates. ✓✓
- Business cycles generally affect economically vulnerable people more than the rest of the population. ✓✓
- People who are economically vulnerable suffer most when standards of living decrease during a recession ✓✓
- There is less money to spend on social upliftment projects and grants to assist people in need. ✓✓

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

**Conclusion**

Variations in the country's monetary and fiscal policies are an important measure the government can use to manage business cycles.

(Accept any higher order relevant conclusion.)              Max.    (2)

                                                **[40]**

**QUESTION 6: ECONOMIC PURSUITS**

- **Discuss in detail the South African growth and development policies and strategic initiatives.** **(26 marks)**
- **Evaluate the private-public partnership in achieving economic growth and development.** **(10 marks)**

**INTRODUCTION**

Different growth and development strategies have been implemented in South Africa since 1994, each aimed at addressing particular needs at the time of introduction.
(Accept any correct relevant introduction.) (2)

**MAIN PART**

**Reconstruction and Development Policy (RDP)** ✓
- The RDP strategy was to alleviate poverty and address the inequalities and shortfalls in social services by focusing on job creation, welfare, housing, transport, land reform, healthcare, education, training, water and sanitation. ✓✓
- The housing infrastructure of the majority of the people started to improve ✓✓
- More electrification of the rural communities was put in place ✓✓
- The RDP programme became the original route map for economic growth and development of the country ✓✓
- It was a socio-economic policy framework that went through as a golden thread in every government plan ✓✓
- Assisted in the development of human resources that the economy needs most for development ✓✓

**Growth, Employment and Redistribution (GEAR)** ✓
- The strategy was to strengthen economic development, redistribute income and create socio-economic opportunities for the poor. ✓✓
- Brought greater financial discipline and macroeconomic stability. ✓✓
- There was real reduction in fiscal deficit (less than 3% in terms of international benchmarks). ✓✓
- Inflation dropped mostly to within inflation targets. ✓✓
- Foreign exchange reserves increased in most regards. ✓✓
- GEAR failed to create sustainable job opportunities and redistribute wealth more evenly ✓✓

**National Skills Development Strategy (NSDS)** ✓
- This policy provides the framework for skills development in the workplace.✓✓
- JIPSA is a short- to medium term mechanism to fast track the objectives of the NSDS ✓✓ and to prioritise the acquisition of skills necessary for accelerated and shared growth ✓✓

Three processes for implementation:

- It focuses on productive citizens ✓✓
- Focuses on equity ✓✓ quality training ✓✓ and skills development in workplace ✓✓
- Focuses on institutional learning ✓✓

**Accelerated and Shared Growth Initiative for South Africa (Asgisa)** ✓
- Asgisa's objective was to co-ordinate government initiative to create economic development ✓✓
- AsgiSA managed to create more employment which led to increased wages and consumption ✓✓
- It improved the standard of living of some citizens ✓✓
- It slightly reduced unemployment rate levels through the Expanded Public Works Programme (EPWP) ✓✓
- AsgiSA also attempted to increase economic growth although South Africa still experiences high levels of unemployment especially among the youth ✓✓

**Joint Initiative on Priority Skills Acquisition (JIPSA)** ✓
- it is the skills empowerment arm of AsgiSA ✓✓
- the initiative was launched in 2006 to address the country's chronic problem areas: unemployment and the skills shortage ✓✓

**Expanded Public Works Programme (EPWP)** ✓
- It is a nationwide government intervention to create employment using labour-intensive methods, ✓✓
- and to give people skills they can use to find jobs when their work in the EPWP is done. ✓✓

It does this through:
- Giving unemployed people access to temporary work. ✓✓
- Helping unemployed people through skills programmes and work experience. ✓✓
- Ensuring that unemployed people receive a stipend for any work they have completed as part of the EPWP. ✓✓
- Enhancing EPWP participants' chances of finding jobs or starting their own businesses. ✓✓

EPWP focuses on four sectors:
- Infrastructure sector ✓– Work opportunities within this sector focus more on labour – related activities such as maintenance programmes. ✓✓
- Non-state sector ✓ – led by the Independent Development Trust IDT provides funding to NGOs to provide regular part-time work with regular incomes ✓✓
- Environmental and Culture sector ✓ – This sector creates jobs through alien vegetation clearing projects, wetland rehabilitation programmes, waste management and community tourism projects. ✓✓
- The social sector ✓ – focuses on increasing the quality of home-based care and early childhood development programmes ✓✓

**The new Growth Path** ✓
- It aims to enhance growth create employment and greater equity ✓✓
- It was announced in October 2010 and the main focus was to create 5 million jobs over the next 10 years ✓✓

Key areas where jobs can be created:
- Infrastructure expansion with investments in five key physical and social infrastructure areas ✓✓ namely energy, transport, communication, water and housing ✓
- The agricultural value chain by addressing the high costs of fertilisers and other inputs ✓✓and by promoting processing and export marketing ✓✓
- The mining value chain by increasing mineral extraction improving infrastructure and skills development ✓✓
- and supporting the beneficiation on the final manufacture of consumers and capital goods ✓✓whereby minerals are processed into higher value products locally rather than exporting raw minerals to be processed abroad ✓✓
- thus creating employment and generating wealth ✓✓
- The green economy by expanding construction and production of technologies ✓✓ for solar energy, wind energy and biofuels ✓
- Manufacturing sectors through innovation, strong skills development, reduced input costs and increased research and development investment ✓✓
- Tourism and certain high level services ✓✓

New Development Plan ✓
- Aims to eliminate poverty and reduce inequality by 2030 ✓✓

Three priorities stand out:
- Raising employment through faster economic growth ✓✓
- Improving the quality of education, skills development and innovation ✓✓
- Building the capability of the state to play a developmental, transformative role. ✓✓

To reduce the acute effects of poverty on millions of South Africans over the short term, the plan proposes to:

- Introduce active labour market policies and incentives to grow employment, particularly for young people and in sectors employing relatively low-skilled people. ✓✓
- Expand public employment programmes to 1 million participants by 2015 and 2 million by 2020 ✓✓
- Strengthen primary health-care services and broaden district-based health programmes, such as the community health worker and midwife programmes, and health education. ✓✓
- Expand welfare services and public employment schemes, enabling the state to service and support poor communities, particularly those with high levels of crime and violence. ✓✓
- Introduce a nutrition programme for pregnant women and young children and extend early childhood development services for children under five. ✓✓
- Improve the quality of education in underperforming schools and further education and training colleges. ✓✓

- Promote mixed housing strategies and more compact urban development to help people access public spaces and facilities, work and business opportunities. ✓✓
- Invest in public transport, which will benefit low-income households by facilitating mobility. ✓✓ Max. (26)

**Black Economic Empowerment (BEE)** ✓
- BEE managed to empower some blacks through the system by being appointed into senior positions both in the public and private sectors ✓✓
- It involved many previously disadvantaged people actively in the economy of the country ✓✓
- It created opportunities for young upcoming entrepreneurs to enter the business world ✓✓
- It offered accessibility of open business opportunities in the different sectors of the economy ✓✓
- Black Economic Empowerment benefited all South Africans although the system was abused by a few with corrupt tendencies ✓✓
- It allocated valuable resources equitably however nepotism and widespread corruption have led to valuable resource wastage ✓✓

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

**Small Business Development Promotion Programme (SBDPP)**
- To provide support and therby promote growth of small business.
- To ensure that new entrepreneurs are properly mentored, supported and nurtures to encourage smmes.
- Smmes are acknowledged by government as being critical to the growth and development of the economy.

**ADDITIONAL PART**

**Positives**
- They help to overcome inadequate infrastructure that limit economic growth, particularly in developing countries by mobilising private sector sources and ensuring adequate maintenance ✓✓
- They act as an instrument to respond to market failures while minimizing the risk of government failure ✓✓
- They result in faster project completions and reduced delays on infrastructure projects by including time-to-completion as a measure of performance and therefore of profit. ✓✓
- Innovative design and financing approaches become available when the two entities work together. ✓✓
- The operational and project execution risks are transferred from the government to the private participant, which usually has more experience in cost containment. ✓✓
- By increasing the efficiency of the government's investment, it allows government funds to be redirected to other important socioeconomic areas. ✓✓
- The greater efficiency of PPPs reduces government budgets and budget deficits. ✓✓

**Negatives**
- Every public-private partnership involves risks for the private participant, who reasonably expects to be compensated for accepting those risks. This can increase government costs. ✓✓
- A limited number of private entities that have the capability to complete a project, might limit the competitiveness required for cost-effective partnering. ✓✓
- If the expertise in the partnership lies heavily on the private side, the government is at an inherent disadvantage. ✓✓ For example, it might be unable to accurately assess the proposed costs. ✓✓
- Some projects may be more politically or socially challenging to introduce and implement than others – particularly if there is an existing public sector workforce that fears being transferred to the private sector ✓✓
- Government responsibility continues – citizens will continue to hold government accountable for quality of utility services. ✓✓

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

**CONCLUSION**

South Africa has made great efforts to improve the wellbeing of its citizens since its transition to democracy in 1994, but progress has slowed down in the last decade.✓✓

(Accept any other relevant higher order conclusion) Max. (2)

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