



## **Education and Sport Development**

Department of Education and Sport Development  
Departement van Onderwys en Sport Ontwikkeling  
Lefapha la Thuto le Tihabololo ya Metshameko

**NORTH WEST PROVINCE**

### **PROVINCIAL ASSESSMENT**

### **GRADE 12**

**ECONOMICS P1**

**MAY/JUNE 2018**

**MARKING GUIDELINES**

**MARKS: 150**

**This marking guideline consists of 18 pages.**



NW/JUNE/ECOM/ EMIS/6\*\*\*\*\*

**SECTION A (Compulsory)****QUESTION 1****1.1 MULTIPLE QUESTIONS**

- 1.1.1 D – injections ✓✓
- 1.1.2 D – actual business cycles ✓✓
- 1.1.3 A – collective ✓✓
- 1.1.4 B – 1<sup>st</sup> April to 31<sup>st</sup> March ✓✓
- 1.1.5 C – free trade ✓✓
- 1.1.6 B – international monetary fund ✓✓
- 1.1.7 C – South African Development Community ✓✓
- 1.1.8 A – physical control ✓✓ (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 H An economy that has no foreign sector as a participant. ✓
- 1.2.2 F A year with very small price changes or price fluctuations. ✓
- 1.2.3 G Give advance warning of a change in economic activity. ✓
- 1.2.4 A Measures the general direction of the economy. ✓
- 1.2.5 D Central government determines economic and social goals during the budgetary process. ✓
- 1.2.6 C Includes transactions relating to investment, such as investments in businesses. ✓
- 1.2.7 B Previously imported goods can increase tax revenues and create jobs. ✓
- 1.2.8 I Member countries agree to the removal of all tariffs. ✓ (8 x 1) (8)

**1.3 GIVE THE CONCEPT**

- 1.3.1 Gross Domestic Product ✓
- 1.3.2 Amplitude ✓
- 1.3.3 Laffer curve ✓
- 1.3.4 Deregulation ✓
- 1.3.5 Globalization ✓
- 1.3.6 Quota ✓

(6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

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

**QUESTION 2****40 MARKS - 30 MINUTES**

2.1 Answer the following questions

**2.1.1 Give TWO types of flows in the circular flow model.**

- Real flow✓
- Money flow✓

(2 x 1) (2)

**2.1.2 What impact will an increase in personal income tax have on the household's disposable income?**

- It will have a negative impact, as their disposable income will decrease✓✓

(2)

2.2 Data response graph:

**2.2.1 Identify a peak in the business cycle above.**

- $P_1 / P_2$  ✓

(1)

**2.2.2 Which letter represents the amplitude in the graph above?**

- a / b / c / d / e ✓

(1)

**2.2.3 During which year was the first business cycle fully completed? Motivate your answer.**

- 2007✓✓

(2)

**2.2.4 What fiscal measure was used to stimulate the economy from  $T_1$  to  $P_1$ ?**

- Government spending✓✓

(2)

**2.2.5 How would you advise the South African Reserve Bank to use expansionary monetary policy when the demand is too low?**



- adjusting the repo rate downwards, that will lead to lower interest rates ✓✓
- persuade all the commercial banks to decrease the interest rates (moral suasion) ✓✓
- decreasing cash reserve requirements to make more money available at banks, for loans ✓✓
- buying securities in the open market (open market transactions) ✓✓
- The SARB can devalue the exchange rate (policy) ✓✓  
(Accept any other correct relevant response) (2 x 2) (4)

### 2.3 Data response extract:

#### 2.3.1 What does the acronym VAT stand for?

- Value Added Tax ✓ (1)

#### 2.3.2 On which date was the 15% increase on VAT become effective?

- 1<sup>st</sup> April 2018 ✓ (1)

#### 2.3.3 Differentiate between *zero-rated* and *exempted items* from VAT.

- **Zero-rated items** means no additional amount of VAT will be added to the purchase price of zero-rated supplies and services, e.g. fruits and vegetables ✓✓
- **VAT exempt items** means if you sell these goods and services you won't charge your customers any VAT, and if you buy them there will be no VAT to reclaim, e.g. Post Office services ✓✓ (2 x 2) (4)

#### 2.3.4 In your opinion, will VAT increase have a huge impact on the demand for basic goods? Motivate your answer.

- VAT increase will not have a huge impact on basic goods ✓✓
- These items are zero-rated, there is no VAT charged on them ✓✓
- Examples include dried mealies, rice, fruit and vegetables ✓✓  
(Any 2 x 2) (4)

### 2.4 Discuss exogenous reason as a cause of business cycle.



- Refer to those independent factors that can influence business cycles and originate outside the economy ✓✓
  - Some economists believe that business cycles are caused by exogenous factors such as those described below ✓✓
  - The monetarists believe markets are inherently stable and disequilibrium is caused by incorrect use of policies, e.g. monetary policy ✓✓
  - The following are examples:
    - ✚ Weather conditions and shocks cause upswings and downswings ✓
    - ✚ Governments should not intervene in the market ✓
    - ✚ Sunspot theory based on the belief that increased solar radiation causes changes in weather conditions ✓
    - ✚ Technological changes ✓✓
- (Accept any other correct relevant response)  
 (A maximum of 1 mark for examples per approach) (4 x 2) (8)

### 2.5 Why do you think that the business cycle indicators are important features in forecasting?

- A rise (fall) in leading indicators shows an increase (decrease) in economic activities, this will enable consumers, businesses and governments to prepare themselves well in advance. ✓✓
  - For example, a drop in sales or job advertisements is an indication of decrease in demand for goods and services that will lead to unemployment. ✓✓
  - Government may use expansionary fiscal policy to avoid increase in poverty levels or total down-turn in the economy. ✓✓
  - Co-incident indicators enable economic participants to know and analyze the actual state of the economy. ✓✓
  - For example, when there is a decrease in the value of the retail sales or real GDP – there will be underemployment in order for producers to decrease operating expenses for that specific period (recession / downswing). ✓✓
  - Lagging indicators do not play a vital role in forecasting because they only change direction after the business cycle has changed, i.e. they do not give warning in advance for economic participants to prepare themselves. ✓✓
  - For example, the time sales indicate that there were very few commercial vehicles sold (in 2017) the economy will already be in depression or trough. ✓✓
- (NB: Learners will NOT be credited for listing and explaining business cycle indicators, they must apply content knowledge. A fully explained example will earn 2 marks.)**  
 (Accept any other correct relevant response or example) (8)

[40]

QUESTION 3

40 MARKS - 30 MINUTES



3.1 Answer the following questions:

3.1.1 Name any TWO types of exchange rates.

- Free-floating✓
- Managed✓
- Fixed✓

(Any 2 x 1) (2)

3.1.2 Why does the state discourage the importing of goods and services?

- To reduce trade balance✓✓
- To protect local industries against unfair competition from abroad✓✓  
(Accept any other correct relevant response) (2)

3.2 Data response table:

3.2.1 Identify the heading for the above graph

- The rand / dollar exchange rate✓ (1)

3.2.2 On which date was the R/\$ exchange rate R13.72?

- On the 2/1/2017✓ (1)

3.2.3 Differentiate between *appreciation* and *depreciation* of a currency.

- Appreciation of a country's currency is an increase in the value of the domestic currency in terms of other currencies due to market forces✓✓
- Depreciation of a currency is a decrease in the value of the domestic currency in terms of other currencies due to market forces✓✓

(2 x 2) (4)

3.2.4 Briefly explain the impact an appreciation of rand on the 23<sup>rd</sup> Jan. 2017 had on the South African economy.

- An appreciation of the rand means that it becomes stronger; fewer rand were used to buy dollars. ✓✓
- It was cheaper for South Africans to import foreign goods or to visit other countries. ✓✓
- The exports were expensive for other foreign countries. ✓✓
- There was a trade surplus, the value of exports exceeded the value of imports✓✓

(2 x 2) (4)

3.3 Data response cartoon:



**3.3.1 Identify TWO benefits of protectionism from the cartoon.**

- Job opportunities✓
- Industrial development✓ (2 x 1) (2)

**3.3.2 Describe the concept *protectionism*.**

- Any measures that government take to restrict trade in goods and services between countries✓✓
- Is a policy in which governments do not allow goods and services to flow freely between countries ✓✓
- Is a defensive measure that consumers use when they think that unfair competition from other countries is damaging their industries✓✓  
(Any 1 x 2) (2)

**3.3.3 What positive impact will protectionism have on the current account?**

- It will improve the balance on the current account✓✓
- It will lead to trade surplus ✓✓ (Any 1 x 2) (2)

**3.3.4 In your opinion, would you support the protectionism policy? Motivate your answer.**

Yes because of the following reasons / advantages:

- Newly established infant industries find it difficult to compete with well-established foreign competitors✓✓
- Protects jobs (employment) and workers of local people✓✓
- Import tariffs can raise revenue for the government✓✓
- Countries need to develop diversified industries to cut out the risk of world fluctuations in prices and demand problems✓✓
- Protects strategic industries and economic self-sufficiency✓✓
- Imposing protectionist measures will improve the balance of payments and stabilize the exchange rate✓✓
- Protects the country from dumping✓✓ (Any 2 x 2) (4)

**3.4 List and explain any TWO demand reasons for international trade.**

- Size of population✓✓ – an increase in population growth causes an increase in demand for local goods and services. Local suppliers may not be able to satisfy this demand✓✓
  - Income levels✓✓ - an increase in the per capita income of people results in more disposable income that can be spent on local goods and services, some of which may then have to be imported✓✓
  - Change in the wealth of the population✓✓ - people have access to loans and can spend more on luxury goods, many of which are produced in other countries✓✓
  - Preferences and taste✓✓ - customers may have a preference for a specific product which is not produced locally and need to import, it have a higher value than in other countries✓✓
  - The difference in consumption patterns✓✓ - is determined by the level of economic development in the country, e.g. a poorly developed country will have a high demand for basic goods and services but a lower demand for luxury goods✓✓
- (Any 2 x 4) (8)

### 3.5 How does specialization influence free trade in South Africa?

- Specialization occurs when workers are assigned specific tasks within a production process, ✓✓
- This will lead to an increase in labour productivity and firms will be able to benefit from economies of scale (lower average costs with increased output). ✓✓
- Free trade allows specialization in industries in which countries have a comparative advantage. ✓✓
- These industries will have a lower opportunity cost. ✓✓
- Specialization will increase economic efficiency and prevent wasting of resources✓✓
- Each country that is best suited for specific goods and services will engage in producing more of those goods and services. ✓✓

(Accept any correct relevant response) (8)  
**[40]**

### QUESTION 4

**40 MARKS - 30 MINUTES**





4.1 Answer the following questions:

4.1.1 List any **TWO** types of business cycles.

- Kuznets cycle ✓
- Juggler cycle ✓
- Kitchin cycle ✓
- Kondratieff cycle ✓

(Any 2 x 1) (2)

4.1.2 What is represented by the Phillips curve?

- It represents the relationship between unemployment and inflation rate ✓✓

(2)

4.2 Data response graph:

4.2.1 Identify **ONE** participant in the above economy.

- Consumers / Households ✓
- Firms sector / firms / producers ✓

(Any 1 x 1) (1)

4.2.2 What does the line  $E = Y$  represent?

- It shows all the possible levels of expenditure and output at which the economy is in equilibrium ✓

(1)

4.2.3 Explain the term *multiplier*.

- A small initial increase in spending produces a proportionately larger increase in aggregate national income ✓✓
- Shows how an increase in spending (injection) produces a more-than proportional increase in national income ✓✓

(Any 1 x 2) (2)

4.2.4 What is the relationship between marginal propensity to consume (mpc) and the multiplier?

- The bigger the mpc, the bigger the multiplier (and the smaller the mpc, the smaller the multiplier) ✓✓

(2)



**4.2.5 Calculate the multiplier using the following formula:**

$$K = \frac{1}{1-mpc} \text{ [The marginal propensity to consume (mpc) = 0.8]}$$

$$= \frac{1}{(1-0.8)} \checkmark\checkmark$$

$$= \frac{1}{0.2}$$

$$= 5 \checkmark\checkmark$$

(2 x 2) (4)

**4.3 Data response table:**

**4.3.1 Identify TWO sources of the above information.**

- Stats SA ✓
- SARB ✓

(2 x 1) (2)

**4.3.2 Describe the term *Balance of payments*.**

- A systematic record of all transactions between one country and other countries in the world ✓✓
- The total of all the money coming into a country from abroad, less all of the money going out of the country during the same period ✓✓

(Any 1 x 2) (2)

**4.3.3 What does an unfavourable balance of payments imply?**

- Refers to the situation where payments made out of the country are more than payments received by the company /
- When payments for imports are greater than the revenue earned for exports ✓✓ (It is called a balance of payments deficit). (2)

**4.3.4 Comment about the trade balance in Q2 and Q3 of 2017.**

- The trade balance has widened from R64 bn to R71 bn ✓✓
- The reason is due to the decrease in the value of merchandise imports more than that of net gold and merchandise exports ✓✓
- The decline in the value of both imported and exported goods were largely driven by lower volumes ✓✓ (Any 2 x 2) (4)



#### 4.4 Tabulate TWO differences between *privatization* and *nationalization*.

Privatization	Nationalization
<ul style="list-style-type: none"> <li>Refers to the transfer of functions and ownership from the public to the private sector. ✓✓</li> <li>The aim of privatization is to reduce the relative size of the public sector. ✓✓</li> <li>Can lead to greater efficiency in the economy. ✓✓</li> <li>Broadens the tax base of the state. ✓✓</li> <li>attracts more foreign investors to South Africa ✓✓ capital, skills, technology and foreign exchange flows into the country</li> <li>It relieves pressures from the budget ✓✓ deficits on the budget will decrease</li> <li>Promote black economic empowerment ✓✓ shares in public companies can be made available to black entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Is the process whereby the state takes control and ownership of privately-owned assets and private enterprises ✓✓</li> <li>Maximizes utilization of resources in order to achieve economic development. ✓✓</li> <li>All the regions of the country will be developed equally. ✓✓</li> <li>Improve the working conditions of the workers. ✓✓</li> <li>It tends to increase the economic activities of the country which greatly influence the standard of living of the people. ✓✓</li> </ul>

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

#### 4.5 Why the Department of Trade and Industry should encourage export promotion?

- The DTI should encourage export promotion in order to improve a country's economic growth and development ✓✓
- The expansion of exports stimulates production in related industries and leads to lower domestic prices ✓✓
- Employment opportunities will increase as more local industries will be established ✓✓
- Local production will improve balance of payments, an increase in exports earns more foreign exchange for a country to pay for imports ✓✓
- Cost and efficiency considerations will be the basis of production according to comparative advantage ✓✓ (Accept any correct relevant response) (4 x 2) (8)

[40]

**TOTAL SECTION B: 80**



**SECTION C**

Answer only ONE of the two questions from this section in your ANSWER BOOK. Your answer will be assessed as follows:

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<b>Introduction</b> The introduction is a lower order response: <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction</li> <li>• Do not repeat any part of the introduction in the body</li> <li>• Avoid stating in the introduction what you are going to discuss in the body</li> </ul>	Max. 2
<b>Body</b> <b>Main part:</b> Discuss in detail /in-depth discussion / Examine / Critically discuss / Analyze / Compare / Evaluate / Distinguish / Differentiate / Explain <b>Additional part:</b> Give own opinion / critically discuss / Evaluate / Draw a graph and explain. Use the graph given and explain / Complete the given graph / Calculate / Deduce / Compare / Explain / Distinguish / Interpret / Briefly debate / How / Suggest	Max 26 Max 10
<b>Conclusion</b> Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgment on the facts discussed</li> <li>• Additional support information to strengthen the discussion / analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max 2

**QUESTION 5****40 MARKS - 40 MINUTES**

The circular-flow model shows how the economy works via the various markets.

- **Discuss the role of the various markets in the circular flow without the use of a diagram. (26 marks)**
- **Explain the impact of injections in the South African economy. (10 marks)**

**INTRODUCTION**

- The circular flow model is a simplified representation of the interaction between the participants of the economy ✓✓/
- Markets coordinate economic activities and determine prices for goods and services ✓✓ (Accept any other relevant introduction) (Max (2)



## MAIN PART

Goods/Product/Output markets ✓

These are markets for consumer goods and services ✓✓

In economics a distinction is made between goods and services:

- Goods are defined as any tangible items such as food, clothing and cars that satisfy some human wants or need ✓✓
- Buying and selling of goods that are produced in markets e.g.
  - ✚ Capital goods market for trading of buildings and machinery ✓✓
  - ✚ Consumer goods market for trading of durable consumer goods, semi-durable consumer goods and non-durable consumer goods ✓✓
- Services are defined as non-tangible actions and includes wholesale and retail, transport and financial markets ✓✓

Factors/Resources/Input markets ✓

- Households sell factors of production on the markets: rent for natural resources, wages for labour, interest for capital and profit for entrepreneurship ✓✓
- The factor market includes the labour, property and financial markets ✓✓

Financial markets: ✓

- They are not directly involved in production of goods and services, but act as a link between households, the business sector and other participants with surplus funds ✓✓
- E.g. banks, insurance companies and pension funds ✓

Money markets ✓

- In the money market, short term loans and very short term funds are saved and borrowed by consumers and business enterprises ✓✓
- Products sold in this market are bank debentures, treasury bills and government bonds ✓✓
- The SARB is the key institution in the money market ✓✓

Capital markets ✓

- In the capital market long term funds are borrowed and saved by consumers and business enterprises ✓✓
- The Johannesburg Security Exchange is a key institution in the capital market ✓✓
- Products sold in this market are mortgage bonds and shares ✓✓



### Foreign exchange markets✓

- On the foreign exchange market businesses buy/sell foreign currencies to pay for imported goods and services✓✓
- These transactions occur in banks and consists of an electronic money transfer from one account to another✓✓
- The most important foreign exchange markets are in London/New York/Tokyo✓✓
- The S.A Rand is traded freely in these markets✓✓ e.g. when a person buys travelers cheques to travel abroad✓

### Flows✓

- Flows of private and public goods and services are real flows and they are accompanied by counter flows of expenditures and taxes on the product market✓✓
- Factor services are real flows and they are accompanied by counter flows of income on the factor market✓✓
- Imports and exports are real flows and they are accompanied by counter flows of expenditure and revenue on the foreign exchange market✓✓

If a candidate discussed only ONE market, a maximum of 14 marks.  
If a candidate discussed only TWO markets, a maximum of 20 marks.  
If a candidate discussed THREE or more markets; a maximum of 26 marks.  
Allocate a maximum of 8 MARKS for lower order elements, inclusive of headings, sub-headings or examples.

## ADDITIONAL PART

### Explain the impact of injections in the South African economy.

- An injection refers to the introduction of additional money into the economy✓✓
- Injections improve economic growth and development in the country✓✓ through the following:
  - Investment spending by firms such as expansion of businesses will create more job opportunities as well as state revenue✓✓
  - The government spending (G) such as Expanded Public Works Programme (EPWP); National School Nutrition Programme (NSNP) will improve economic development ✓✓
  - Income earned by workers will improve economic growth as demand for goods and services will increase✓✓
  - Payments for exports will yield more growth and development for the country✓✓ (Accept any other correct relevant response) (Max. 10)



## CONCLUSION

Markets are critically important institutions in our economic system, because they regulate supply and demand and safeguard price stability and general business confidence ✓✓ (Accept any other correct relevant response) (Max. 2) [40]

## QUESTION 6

**40 MARKS - 40 MINUTES**

**The state plays a significant role in a mixed economic system and is therefore one of the largest sectors in the economy.**

- **Discuss the FIVE macroeconomic objectives of the state.** 26)
- **How successful is the implementation of South Africa's fiscal policy?** (10)

## INTRODUCTION

Economic growth is required for economic development and can only occur if policy planning in the country embraces those policies that which would ensure sustainability in the economy ✓✓ (Max. 2)

## MAIN PART

Price stability ✓

- Implies that prices in the economy do not change much over time ✓✓
- Price stability is the opposite of inflation ✓✓
- When prices are relatively stable and inflation is low, markets can function optimally and the government can promote economic growth and development more effectively ✓✓
- The SARB strives to keep the inflation rate within the target range of 3 to 6% ✓✓ (Max 6)

Exchange rate stability ✓

- If more money flows into the country than going out, we could have a surplus on the BOP ✓✓
- The state promotes domestic production of surpluses to increase exports and by monitoring changes in exchange rates ✓✓
- Fluctuations, such as the depreciation and appreciation of a currency, can create uncertainties for investors, producers and retailers ✓✓



- South Africa uses a floating exchange rate system, which allows its exchange rate to determine its own value, based on demand and supply✓✓
  - The South African currency has fluctuated considerably over the last two decades✓✓
  - Over the last decade it appreciated to reach a peak of R6,36 to the US dollar by the end of 2005✓✓
  - Thereafter it depreciated sharply by 33% to R8,44 to the US dollar in 2010 and 2012✓✓
  - International reserves increased from 12,9% a decade ago to 28,67% in 2011✓✓
  - The SARB uses a free-floating exchange rate system✓✓
  - Instability of exchange rates such as during the latter part of the 2000s is a great problem for businesses✓✓
  - However, the international benchmark is whether market forces determine rates✓✓
- (Max 6)

#### Full employment ✓

- Full employment means that all persons who would like to work and who are looking for work should be able to find work, or create work for themselves / where all resources are utilized efficiently✓✓
  - Employment in the formal non-agricultural sectors of the economy increased at a low rate✓✓
  - However, in 2009 and 2010 it turned negative because of the effect of global recession✓✓
  - The average growth of less than one per cent over the ten years is disappointingly low✓✓
  - The result is that the unemployment rate is increased from 15% in 1994 to 25,2% in 2012✓✓
  - Public sector employment increased during and after the global recession, reducing the total effect on employment✓✓
  - The government supports education, labour-intensive businesses and the informal sector✓✓
  - Low rates of unemployment also correlates with other socio-indicators, such as a lower crime rate and higher standard of health✓✓
- (Max 6)

#### Economic equity ✓

- This is the reasonable division of income among the population✓✓
- Redistribution of income and wealth achieves the reasonable division of income✓✓





- Measures that the government uses to achieve that are: -
    - ✚ Using the progressive income tax system, higher income groups pay higher tax rates ✓✓
    - ✚ Government uses taxes to finance social goods and services such as housing, education and primary health care ✓✓
    - ✚ Government pays cash grants such as old-age grants, disability grants, child support grants, etc. ✓✓
    - ✚ Government implements policies such as BBBEE to achieve that ✓✓
- (Max 6)

### Economic growth ✓

- This refers to an increase in the productive capacity of the economy of the country for a specific period of time e.g. a year / an increase in the production of goods and services in the economy ✓✓
- It is usually measured in terms of growth in the national output valued at market prices referred to as the gross domestic product (GDP) ✓✓
- South Africa is a developing country and in terms of the World Bank's classification it is an upper-middle income country ✓✓
- The average economic growth rate was 3.8% per year in the ten years between 2001 and 2012 ✓✓
- The government applied structural reform as the guiding principle in the fiscal policy discipline of the country ✓✓
- Structural reform means that the budget had to reflect on transformation aims of the government, e.g. on education, health and welfare ✓✓
- Under the GEAR policy, which was phased out by 2010, the budget deficit was reduced to less than 30% of the GDP in all the years before 2009 ✓✓
- This was the acceptable international benchmark for best practice ✓✓
- The government is internationally acknowledged for its fiscal discipline and this stands the country in good stead in the international community ✓✓
- The state attempts to ensure that there is a continual improvement in the productive capacity of the economy by offering quality education and skills training ✓✓
- Economic growth makes it possible to improve the standard of living of people and also reduce poverty ✓✓

(Max 6)

(26)

(Accept current statistics)

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



**ADDITIONAL PART**

The South African government can:

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

**CONCLUSION**

Social indicators are the best yardsticks in checking on the development and progression of communities as a result of government initiative to improve the lives of the society at large / South African government annually increases its budget expenditure on health and education to improve the lives of its citizens✓✓ (Max. 2)  
**[40]**

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

