This memorandum consists of 19 pages.
SECTION A

QUESTION 1  (LO1 – LO4)

1.1

LO1 1.1.1  C ✓✓ business cycle
      1.1.2  B ✓✓ public
      1.1.3  A ✓✓ terms of trade
LO2 1.1.4  B ✓✓ demand and supply.
      1.1.5  C ✓✓ Subsidy
      1.1.6  A ✓✓ economic profit
LO3 1.1.7  C ✓✓ RDP
      1.1.8  A ✓✓ SDI
      1.1.9  C ✓✓ free trade.
LO4 1.1.10 B ✓✓ benefits debtors.
      1.1.11 B ✓✓ ecotourists.
      1.1.12 A ✓✓ CITES  (12 x 2)  (24)

1.2 1.2.1  Real flow ✓✓
      1.2.2 Managed floating ✓✓
      1.2.3 Oligopoly ✓✓
      1.2.4 North-South divide ✓✓
      1.2.5 Stagflation ✓✓  (5 x 2)  (10)

1.3 1.3.1  C ✓✓ Direct or indirect compulsory payments to the government.
      1.3.2  H ✓✓ Shows the relationship between tax revenue and tax rate.
      1.3.3  I ✓✓ Profit maximisation.
      1.3.4  F ✓✓ An example of a negative externality.
      1.3.5  A ✓✓ Removal of restrictive laws and regulations.
      1.3.6  D ✓✓ Incentives to increase sales abroad.
      1.3.7  E ✓✓ A cause of cost-push inflation.
      1.3.8  B ✓✓ Resource that can be replenished or replaced.  (8 x 2)  (16)

TOTAL SECTION A:  50
SECTION B (Answer any THREE questions from this section.)

QUESTION 2 (LO1 AS1 – AS4)

2.1 2.1.1 real ✓✓
     2.1.2 Kondratieff ✓✓
     2.1.3 Auditor-General ✓✓
     2.1.4 decrease ✓✓
          (4 x 2)  (8)

2.2 List the THREE types of exchange rate systems
     • Fixed rate ✓✓
     • Free floating ✓✓
     • Controlled / managed floating ✓✓
          (3 x 2)  (6)

2.3 DATA RESPONSE

2.3.1 Refers to a small increase in spending leading to a proportionally larger increase in national income. ✓✓

2.3.2 The higher the mpc, the higher the multiplier will be. ✓✓
     Multiplier is directly proportional to mpc. ✓✓
          (Any 1 x 2)  (2)

2.3.3 Multiplier = \[ \frac{1}{1 - \text{mpc}} \]
     = \[ \frac{1}{1 - 0.6} \]
     = \[ \frac{1}{0.4} \]
     = \[ 2.5 \]
     Multiplier effect = R1 bn x 2.5 = R2.5 billion ✓✓
          (6)

2.4 DATA RESPONSE

2.4.1 Shows the income and expenditure for a three year period. ✓✓

2.4.2 Education ✓✓

2.4.3 • Informs the parliament of changes in the economy since the main budget. ✓✓
     • Indicates the developments in public policy that will shape the next budget. ✓✓
          (4)

2.4.4 Mr Pravin Gordhan ✓✓
2.5 Discuss ‘extrapolation’ as a feature underpinning forecasting.
   • Technique used to predict the future by using past data. ✓✓
   • It involves the extension of the curve assuming structural variables remain the same. ✓✓
   • Extending a trend may give information about what is likely to happen. ✓✓
   • Trend line can be extended for the length of a cycle. ✓✓
   • Channel lines and resistance points must be considered for the trend of a curve. ✓✓
   • Predicting economic behaviour using extrapolation is unreliable. ✓✓

2.6 Briefly explain the ‘flows’ in a circular flow.
   • Flows are economic variables that happen over time. ✓✓
   • There are two flows: money flow and real flow. ✓✓
   • Flow of goods and services and factors of production are referred to as the real flow. ✓✓
   • Income and expenditure are referred to as the money flow. ✓✓
   • For every real flow there is money flow in opposite direction. ✓✓

QUESTION 3 (LO2 AS1 – AS3)

3.1 3.1.1 perfect ✓✓
     3.1.2 internal ✓✓
     3.1.3 artificial ✓✓
     3.1.4 independent ✓✓

3.2 List any THREE characteristics of a monopoly.
   • Faced with demand curves ✓✓
   • Decide on their production levels ✓✓
   • Are exposed to market forces. ✓✓
   • No close substitutes. ✓✓
   • Only one seller. ✓✓
   • Price makers. ✓✓
   • Exploit consumers. ✓✓
   • Protected by barriers of entry. ✓✓
   • Enjoy favourable circumstances. ✓✓

3.3 DATA RESPONSE

3.3.1 To save SA consumers from price fixing (pricing predators). ✓✓ (2)

3.3.2 • To prevent the abuse of monopoly power. ✓✓
     • To regulate the market power through mergers and takeovers. ✓✓
     • To prevent price fixing and collusion. ✓✓ (Any 2 x 2) (4)
3.3.3 The Competition Commission ✔ ✔
   The Competition Tribunal ✔ ✔
   The Competition Appeal Court ✔ ✔ (Any 2 x 2) (4)

3.4 DATA RESPONSE

3.4.1 Failure of markets to produce the quantities of goods and services that consumers want at a price that reflect marginal utilities and relative scarcities. ✔ ✔ (2)

3.4.2 Externalities ✔ ✔
   Public goods ✔ ✔
   Merit and demerit goods ✔ ✔
   Imperfect competition ✔ ✔
   Lack of information ✔ ✔
   Advertising ✔ ✔
   Immobility of factors of production ✔ ✔
   Imperfect distribution of income and wealth ✔ ✔ (Any 3 x 2) (6)

3.4.3 Externalities ✔ ✔ (2)

3.5 Briefly explain *shut-down point* in a perfectly competitive market.
   Profit maximisation is where MR = MC. ✔ ✔
   The firm should consider shutting down when TR<Total cost of production. ✔ ✔
   If TR<TVC, it should consider closing down. ✔ ✔
   If price is below MR/MC, the business will not cover its AVC. ✔ ✔
   If the business is not able to cover AVC, it is better to close down. ✔ ✔
   This point where price is less than AVC is known as closing down point. ✔ ✔ (Any 4 x 2) (8)

3.6 Discuss *product differentiation* as a characteristic of monopolistic competition
   Products are not identical. ✔ ✔
   Differentiated products are similar in many ways. ✔ ✔
   Similarity means that they can satisfy the same need. ✔ ✔
   Differences are imaginary. ✔ ✔
   May have different brand names but contains the same ingredients. ✔ ✔
   Services of sellers make the product different. ✔ ✔
   Differences in packaging. ✔ ✔
   Packaging of a product makes it different from other products. ✔ ✔ (Any 4 x 2) (8) [50]
QUESTION 4  (LO3 AS1 – AS4)

4.1  4.1.1 development ✓✓
     4.1.2 IDZ ✓✓
     4.1.3 advalorem ✓✓
     4.1.4 economic ✓✓  
     (4 x 2)  (8)

4.2  THREE examples of cash benefits to ensure redistribution of income.
     • Unemployment insurance ✓✓
     • Disability grant ✓✓
     • Child support grant ✓✓
     • Old-age pension ✓✓  
     (Any 3 x 2)  (6)

4.3  DATA RESPONSE

4.3.1 The replacement of goods that was previously imported. ✓✓  
     (2)

4.3.2 Industrial Development Corporation. ✓✓  
     (2)

4.3.3 • Iscor ✓✓
     • Sasol ✓✓
     • Armscor ✓✓  
     (Any 1 x 2)  (2)

4.3.4 • To develop local industries. ✓✓
     • To increase job opportunities. ✓✓
     • To improve the balance of payments. ✓✓  
     (Any 2 x 2)  (4)

4.4  DATA RESPONSE

4.4.1 The number of infants who die before reaching one year of age per thousand live births. ✓✓  
     (2)

4.4.2 • Sanitation ✓✓
     • Electricity ✓✓
     • Refuse removal ✓✓
     • Water supply ✓✓  
     (Any 2 x 2)  (4)

4.4.3 • Infant mortality ✓✓
     • Under-five mortality ✓✓
     • Health expenditure ✓✓
     • Access to safe drinking water ✓✓
     • Access to sanitation facilities ✓✓  
     (Any 2 x 2)  (4)
4.5 Discuss any **TWO monetary policy instruments** used as South African approach for growth and development.

1. **Changes in interest rates.** ✓✓
   - To make credit more expensive or cheaper. ✓✓
   - To stabilise exchange rate by encouraging capital inflows or outflows. ✓✓

2. **Open market transactions.** ✓✓
   - Buying of securities in the open market to encourage credit creation. ✓✓
   - Selling of securities in the open market to restrict credit creation. ✓✓

3. **Moral persuasion** ✓✓
   - Persuading banks to act in a desirable manner according to the economic conditions in the economy. ✓✓

4.6 **Briefly explain ‘Skills Support Programme’ as an incentive offered by DTI.**
   
   - Cash grant for skills development. ✓✓
   - To encourage greater investment in training. ✓✓
   - To encourage the development of new advanced skills. ✓✓
   - Manufacturing businesses qualifying for SMEDP can apply. ✓✓
   - Lasts up to three years. ✓✓
   - Maximum of 50% of training costs. ✓✓

**QUESTION 5** (LO4 AS1 – AS3)

5.1  
   5.1.1 price indexes ✓✓
   5.1.2 headline ✓✓
   5.1.3 physical ✓✓
   5.1.4 conservation ✓✓

5.2 **List any THREE reasons for the growth of worldwide tourism.**
   
   - Increase in disposable income. ✓✓
   - Reduction in working hours ✓✓
   - Awareness of leisure and recreation ✓✓
   - Improved infrastructure ✓✓
   - Increased advertising and promotion ✓✓
   - Awareness of the benefits of tourism ✓✓
   - Ease of obtaining foreign exchange ✓✓
5.3 DATA RESPONSE

5.3.1 CPI:
Measures the cost of a representative basket of goods to the consumer. ✓ ✓

PPI:
Measures the cost of production of the representative basket of goods when they leave the factory. ✓ ✓

5.3.2 • Subdued local demand. ✓ ✓
• Appreciation in the external value of the rand. ✓ ✓

5.3.3 6% ✓ ✓

5.4 DATA RESPONSE

5.4.1 The ability of the environment to survive economic activity. ✓ ✓

5.4.2 • A source of income ✓ ✓
• Save millions from municipal budgets ✓ ✓
• Three times more revenue than landfills ✓ ✓
• Creates six times more jobs ✓ ✓

(Any 3 x 2) (6)

5.4.3 • Charging for the use of the environment. ✓ ✓
• Environmental taxes ✓ ✓
• Environmental subsidies ✓ ✓
• Marketable permits ✓ ✓

(Any 1 x 2) (2)

5.5 Briefly describe ‘inflation’ as an economic concept.
• It is a process – not a single non-recurrent activity. ✓ ✓
• Sustained condition – prices continue to rise. ✓ ✓
• The rise in the price must be considerable. ✓ ✓
• There is a general rise in the prices. ✓ ✓
• Increase in the price of isolated goods does not indicate inflation. ✓ ✓
• There is a decline in the purchasing power of money. ✓ ✓

(Any 4 x 2) (8)

5.6 Discuss ‘property rights’ as a public sector intervention for environmental sustainability.
• To prevent flora and fauna species from becoming extinct. ✓ ✓
• Ensures that owners take proper care of the things that belong to them. ✓ ✓
• Owners will try to use them profitably as long as possible. ✓ ✓
• Property rights will help in the preservation at little costs to the tax payers. ✓ ✓
• But property right is not possible in all instances. ✓ ✓

(Any 4 x 2) (8)
QUESTION 6  (LO1 and LO2)

6.1 6.1.1 leakage ✓✓
     6.1.2 privatisation ✓✓
     6.1.3 perfect competition ✓✓
     6.1.4 demerit ✓✓
     (4 x 2) (8)

6.2 List the THREE government approaches to reduce the impact of negative externalities.
   • Persuasion ✓✓
   • The price mechanism ✓✓
   • Direct controls ✓✓
     (Any 3 x 2) (6)

6.3 DATA RESPONSE

6.3.1 Business cycle ✓✓
     (2)

6.3.2 B to C = Depression ✓✓
     D to E = Prosperity / Boom ✓✓
     (4)

6.3.3 Trend line ✓✓
     (2)

6.3.4 Technique used to predict the future by using past data. ✓✓
     (2)

6.4 DATA RESPONSE

6.4.1 When collusion between oligopolists occur openly and formally. ✓✓
     (2)

6.4.2 Oligopoly ✓✓
     (2)

6.4.3 Higher profits ✓✓
     Less uncertainty ✓✓
     Difficult for new businesses to enter ✓✓
     (Any 2 x 2) (4)

6.4.4 OPEC ✓✓
     (2)

6.5 Briefly explain any TWO demand reasons for international trade.

1. Effective wants ✓✓
   • There are differences in the demands for individuals. ✓✓
   • Taste plays an important role. ✓✓

2. Income ✓✓
   • When income increases, there will be an increase in the demand for local as well as imported goods. ✓✓

3. International migration ✓✓
   • Immigrants usually demand goods from their country of origin. ✓✓
4. **Religious, cultural, sociological and lifestyle differences**
   - Differences between countries will determine the consumption patterns.

5. **Levels of economic development**
   - Less developed countries spend more on food while developed countries spend more on luxuries.

6.6 Discuss the rationale of ‘cost-benefit analysis’.
   - CBA is a valuable tool that helps to make informed decisions.
   - It helps in the efficient allocation of resources.
   - It is a technique used to measure and compare the costs and benefits of an economic activity.
   - It is to find the rate of return on the project.
   - It is also used to find the future costs and benefits as well as its present value.
   - This technique brings greater objectivity in decision making.

**SECTION C** (Answer any TWO questions from this section.)

**QUESTION 7** (LO1 AS3)

Discuss the objectives of the public sector and conclude your discussion by explaining the effects of fiscal policy.

**INTRODUCTION**

The state applies fiscal policy with a view to achieve government’s macroeconomic objectives. (accept any appropriate introduction)

**BODY**

**Objectives of the Public sector**

1. **Economic growth**
   - Increase in the production of goods and services in the economy.
   - Measured in terms of real GDP.
   - Economic growth must be higher than population growth.
   - Higher growth and development leads to higher standard of living.

2. **Full employment**
   - An important aim of all governments.
   - Means all individuals who are looking for work must find work.

3. **Exchange rate stability / Balance of payment stability**
   - Depreciations and appreciations create uncertainty.
   - Fluctuations in the value of a currency should be limited.
   - Government should see that the exchange rate remains stable.
4. **Price stability**
   - Economic growth and employment will improve when prices are stable.
   - In RSA, price stability is achieved when the inflation rate is between 3% and 6.

5. **Economic equity / Fair distribution of income**
   - Redistribution of income and wealth is necessary.
   - Progressive tax rates are used to achieve this.
   - Income from tax is used to finance public and social services.

**Effects of Fiscal policy**

1. **Income distribution**
   - Progressive taxation makes income more evenly distributed.
   - Spending on social and welfare payments increases the income of the poor.

2. **Consumption**
   - Changes in the rate of taxation will affect consumer spending.
   - Consumption also depends on the level of savings and the propensity to consume.

3. **Price level**
   - Increase in direct taxes reduces inflationary pressure and aggregate demand.
   - Increase in indirect taxes will raise the price level.

4. **Incentives**
   - Increase in income tax and company tax reduces the incentives to work, save and invest.
   - High and progressive rate of taxation discourages people from working hard.

5. **Laffer curve**
   - Laffer curve explains the relationship between revenue and tax rate.
   - High rate of taxation discourages labour force.
   - According to the Laffer curve, tax revenue increases only up to a certain point.
   - At a certain rate tax revenue peaks and then declines.
   - A reduction in the rate of income tax will encourage more people to work and the tax revenue will increase.
   - At a lower rate of taxation the tax revenue will be higher than at a higher tax rate.

6. **Discretion**
   - Minister can use discretion with regard to a number of fiscal policy decisions.
   - Certain rules are in place – deficit-, lending- and debt rule.
CONCLUSION

The direction of the fiscal policy depends on the specific stage of the business cycle.

(accept any appropriate conclusion)

Use the following assessment grid together with the above to assess the discussion.

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QUESTION 8  (LO2: AS2)

Write a formal letter to the Minister of Local Government explaining government intervention as an effect of market failures.

S. Tshabalala
P.O. Box 1000
Mthatha 5100

Date

To:
The Minister
Ministry of Local Government
Pretoria

Sir

Re: Government intervention

A. Preventing the misallocation of resources

1. Incomplete Markets

- Market failures misrepresent the allocation of resources.
- This results in less than optimal production.
- Community goods and services prevent competitive markets from supplying them efficiently.
- In most cases it is impossible to determine a price or force users to pay.
- Collective goods and services have some characteristics of public goods.
• These goods can be supplied by competitive markets, but the quantity or the price may not be appropriate. ✓✓
• Government must supply these goods directly by raising taxes. ✓✓

(Max. 3 x 2) (6)

2. **Negative Externalities ✓✓**

• Governments have used different methods to reduce the impact of negative externalities. ✓✓
• Persuasion ✓
  o Changing the behaviour of people needs public relations campaigns by the government ✓✓
• Price mechanism ✓
  o Levying a tax to recover the external cost ✓✓
• Direct controls ✓
  o Government can use laws to reduce negative externalities ✓✓

(Max.) (4)

3. **Positive externalities ✓✓**

• Price Mechanism ✓
  o Merit goods provided by private sector must be subsidised. ✓✓
  o Subsidies will improve the consumption of these goods by reducing the cost. ✓✓
• Direct controls ✓
  o Compulsory education, inoculations and treatment of certain diseases are examples ✓✓
• Artificial monopolies ✓ operate where perfect competition is prevented by entry restrictions. ✓
• Natural monopolies ✓ develop in industries that need large capital outlay. ✓
• Government can use various methods to correct the situation ✓✓
• Competition from abroad can be used. ✓✓
• Local competition can be promoted ✓✓
• Control bodies such as regulatory authorities can be used ✓✓
• Statutory requirements can also be used to control excessive prices. ✓✓

(Max.) (6)

B. **Improving income distribution ✓✓**

• Free market economy does not improve income and wealth distribution. ✓✓
• Governments use a combination of taxes and subsidies to effect redistribution. ✓✓
• Traditional methods ✓ refer to the levying of taxes to provide free services to the poor. ✓
• Redress methods ✓ relate to the use of laws to enforce redistribution. ✓
E.g. BEE, affirmative action, empowerment, land restitution and redistribution, property subsidies, RDP houses etc.

- **Minimum Wages (✓)** are also used to enforce redistribution of income.
- Unskilled workers are at a disadvantage when negotiating with their employers. ✓
- **Maximum prices/Price ceiling (✓)** are set by the government to benefit the poor.
- **Minimum prices (✓)** are set for basic food stuffs to ensure that sufficient quantities are produced.
- **Subsidies on goods (✓)** have the effect of lowering the prices of such goods. ✓

C. **Enhancing macroeconomic stability ✓ ✓**

- If macroeconomic objectives are not achieved it is considered as market failure. ✓ ✓
- Government intervention focuses on demand side or supply side of the economy. ✓ ✓
- Most important demand-side policies are monetary and fiscal policies. ✓ ✓
- Supply side problems such as lack of information and immobility of factors of production must be removed. ✓ ✓

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Yours faithfully ✓

S. Tshabalala ✓

[50]
QUESTION 9  (LO3 AS4)

Write a detailed essay on the economic indicators under the headings Production, Employment and Price changes.

INTRODUCTION

Economic indicators are used to measure the performance of the economy.  

BODY

A. Production

- Production of an economy is measured in terms of GDP.  
- GDP can be calculated by production, income and expenditure method.  
- GDP is the value of final goods produced within the boundaries of a country over given period.  

1. GDP at current prices  
   - GDP calculated at market or current prices is called nominal GDP.  
   - Nominal GDP shows the monetary value of goods and services.  

2. Real GDP  
   - Growth performance of the economy is measured in terms of real GDP.  
   - Real GDP is obtained when the effects of inflation is removed from nominal GDP.  
   - Real GDP is used to show real aggregate economic activity and movement of business cycles.  
   - It is also used for forecasting.  

3. Per capita real GDP  
   - Economic growth allows people to consume more goods and services.  
   - But if population grows faster than economic growth people will be worse off.  
   - For this reason Per capita real GDP is calculated.  
   - Per capita real GDP is real GDP divided by the number of population.  
   - An increase in per capita real GDP shows an improvement in the standard of living.  
   - Per capita figures indicate economic development, living standards and also compare living standards.  

(Any 7 x 2)
B. Employment

1. Economically Active Population ✓✓
   - People between ages 15 and 65 years who are willing to work, are known as economically active population (labour force). ✓✓
   - People in this group are workers in the formal and informal sector, employers and self-employed persons and unemployed people. ✓✓

2. Employment rate ✓✓
   - Number of employed persons expressed as a percentage of the EAP. ✓✓
   - Employment rate in RSA is low compared to developed countries ✓✓
   - Employment indicators are used for calculating trends and structural changes in the economy. ✓✓
   - Also used to calculate productivity ✓✓
   - It also shows the success of the economy in utilising its full potential. ✓✓

3. Unemployment ✓✓
   These are people in the EAP who:
   - Did not work for seven days before the interview ✓✓
   - Want to work and are available to work within a week ✓✓
   - Have taken steps to look for work ✓✓
   - Unemployment is the most important cause of poverty ✓✓

C. Price changes

   - Price changes are part of market economy. ✓✓
   - When abnormal changes in prices occur for longer periods, it is called inflation or deflation. ✓✓
   - Inflation is an indicator of the health of the economy ✓✓
   - Inflation is monitored by PPI and CPI ✓✓

   Production prices ✓✓
   - It is used to measure prices when goods leave the factory or when imported goods enter the country ✓✓
   - PPI serves as an indicator to predict Consumer goods inflation ✓✓

   Consumer prices ✓✓
   - CPI shows price changes of a shopping basket of goods of an average household ✓✓
   - CPI is the most comprehensive indicator of consumer price inflation ✓✓
   - CPIX shows the inflation rate excluding the effect of mortgage bond interest rates. ✓✓
   - Interest rates are used by SARB to control inflation. ✓✓

CONCLUSION

Pro-cyclical indicators move in the direction whereas counter-cyclical indicators move in the opposite direction. ✓✓
QUESTION 10  (LO4 AS2)

Policies to promote tourism

INTRODUCTION

The policy suggestions aim to ensure and accelerate the delivery of tourism benefits to all South Africans. ✔✔✔ It aims to maintain the sustainability of the tourism industry to enhance the quality of life of South Africans. ✔✔✔ (Max.) (3)

BODY

A. Marketing ✔✔
   - The marketing and promotion of South Africa’s tourism is most important. ✔✔
   - South African tourist attractions must be promoted as tourist destinations. ✔✔
   - Generic promotions (South Africa as a whole) must be made. ✔✔
   - SA tourism was created for this. ✔✔
   - Generic marketing programmes must be included by travel agents ✔✔
   - Factors such as value for money, the political miracle, climate, friendliness etc. must be emphasised. ✔✔
   - Domestic marketing must encourage citizens to consider a wide variety of destinations and group tours. ✔✔
   - Purposes such as biodiversity, cultural, sport, recreation etc. must be Promoted. ✔✔
   - Destinations such as World Heritage sites, Kruger National Park etc. must be given importance. ✔✔ (Any 6 x 2) (12)

B. Spatial Distribution / Directing ✔✔
   - Most tourists go to the same familiar destinations that are well known. ✔✔
1. **Create representative bodies**
   - Industries linked to an attraction can form representative bodies to market effectively.
   - Describe the product more attractively.
   - Competitive prices must be charged.
   - Products must be promoted considering focus, wording, timing and medium.
   - Location and accessibility of the attraction are also important.

2. **Improve and extend supporting services**
   - The cause of uneven distribution of tourists is the lack of supporting services.
   - **Accommodation** – adequate facilities must be provided.
   - **Services** – An increasing range of facilities and services should be provided.
   - **Access** – The development and maintenance of transport facilities are essential.
   - **Ancillary (support) services** – to both the consumer and the industry through networking and information.

3. **Improve marketing**
   - 4 x P’s:
     - **Product** – were product described in best way?
     - **Price** – must be competitive.
     - **Promotion** – reconsider all aspects of advertising.
     - **Place** – location and accessibility are important.

A. **Taxing**
   - Growth of tourism leads to an increase in tourist taxes.
   - Most countries are using it as a source of state revenue.
   - Taxes should be raised in according to guidelines.
   - **Equity** – Taxes should be fair compared to other sectors.
   - **Efficiency** – Taxes should have minimal effect on the demand for travel and tourism.
   - Taxes must be used to regulate the flow of tourists to specific areas.
   - **Simplicity** – Taxes should be simple to pay and administer.

B. **Infrastructure**
   - Requires economic and social infrastructure and basic services.
   - **More infrastructure** – Physical infrastructure should increase as tourism increases.
   - Lack of quality infrastructure reduces tourist flow.
   - **Upgrading** – if expansion is not possible, upgrading should be done.
   - **New technology** – should be implemented in all areas to market tourism products domestically and internationally.
CONCLUSION

The policy suggestions aim to ensure and accelerate the practical delivery of tourism benefits to all South Africans. ✔ ✔

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<td>1</td>
<td>Candidate has shown some understanding of topic but missed important aspects of topic. (1 – 15 marks)</td>
</tr>
<tr>
<td>3</td>
<td>Candidate has interpreted topic correctly but has not linked facts to topic. (16 – 30 marks)</td>
</tr>
<tr>
<td>5</td>
<td>Candidate has interpreted topic correctly and has linked facts to topic. (31 – 45 marks)</td>
</tr>
</tbody>
</table>

TOTAL SECTION C: 100

GRAND TOTAL: 300