Module 02	Basic economic concepts
LEARNER GUIDE CORE	

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SECTION A: PROGRAMME/MODULE INFORMATION

1. Introduction

The primary purpose of The National Certificate in Banking Services Advice is to provide learners with the fundamental understanding, sound knowledge and relevant skills to comply with the requirements of the regulations under the FAIS Act to enable them to offer financial advice to clients in the banking sector. The successful learner will be able to be accredited as a fit and proper person to render financial advice in the banking sector in terms of the Regulations under the FAIS Act.

This qualification also aims to provide qualifying learners with the basic competencies and skills necessary to apply the basic principles of banking to the operations of any sector of the financial services sector to the benefit of the domestic economy.

This Qualification is for learners who:
Have worked in one of the sub-sectors of the Financial Services industry for many years, but have no formal Qualifications in their area of specialization.
Wish to extend their range of skills and knowledge of the industry so that they can become knowledgeable workers in the industry.

Are in a learnership agreement with the BANKSETA
Have recently taken up a position in banking
Require a Level 5 Qualification for licensing purposes with the Financial Services Board (FSB)

The qualification will empower learners to acquire knowledge, skills, attitudes and values required to operate responsibly in the banking sector.

Rationale:

The Financial Advisory and Intermediary Services (FAIS) Act, (Act 37 of 2002) was instituted to regulate the standard of financial planning services within the financial services sector. This Act requires all financial advisers to become licenced practitioners in the field. The Act prescribes that everyone providing services within the auspices of financial advisory and intermediary services needs to comply with the necessary regulations and, therefore, needs to be qualified at the required levels in order to offer such services.

Financial advice and services are provided by both the insurance industry and the banking sector. Some employees in banks offer insurance product-related advice to clients as their core functions. In addition to these, as part of banking services to clients, banking personnel such as tellers, advisers and consultants are required to offer and consult on financial services and, therefore have to comply with FAIS regulations. It is estimated that 40% of people within the banking sector will have to comply with the fit and proper regulations of FAIS. This National Certificate has thus been established to address this need.

The National Certificate in Banking Services Advice aims to give all learners a fundamental understanding of FAIS requirements and other relevant legislation as well as foundational knowledge and skills required for financial planning and for providing financial services of all kinds. The Qualification also introduces the learner to basic accounting and provides him/her with banking concepts, techniques and principles.

Learners obtaining this qualification will have a firm foundation of knowledge of the banking sector and will have the necessary skills to secure a career in banking and embark on a path of lifelong learning at higher levels in banking or other fields in the financial services sector.

This National Certificate was designed to accommodate the skills needs of banking employees and address compliance with the FAIS Act within the banking services sector. Therefore, this qualification is broad based in that it accommodates any type of learner wishing to be employed in the banking sector, particularly the frontline banking staff within retail banking who have to provide a `one-stop` service (banking and/or financial planning) to their clients.

The banking industry because of the fact that it works with other people`s money is a specialized one that demands a labour pool of honest, ethical employees. This National Certificate aims to develop learners with those attitudes and values. The qualification will also give learners the opportunity to practice the skills they have learnt and apply the knowledge they have gained to their respective workplace (real or simulated) environments.

The intention is:
To promote the development of knowledge and skills that are required in Banking and specifically for giving financial advice.

- ✓ To release the potential of people.
- ✓ To provide opportunities for people to move up the value chain.

- ✓ To provide opportunities for lifelong learning for people who work in banking as the skills, knowledge, values and attitudes reflected in the Qualification are building blocks that can be developed further at NQF Level 6.

The Learner Pack for this module contains the following documents/prescribed

- books: Learner Orientation Guide
- Learner Guide
- Prescribed Material
- Portfolio of Evidence
- WIL Logbook

2. Module Introduction

The module introduction with the facilitator will cover:

- ✓ The function of the economy and its participants are identified and listed in writing
- ✓ The concept of supply and demand as it relates to markets and economic conditions is explained in writing
- ✓ The effects of changes in demand and/or supply on prices and quantities are interpreted and explained in writing
- ✓ The conditions under which markets fail and why Government intervention is necessary is discussed orally
- ✓ Basic macro-economic goals and instruments, the GDP concept and its limitations is understood and applied in practice
- ✓ The concepts of inflation is briefly discussed orally
- ✓ The interaction between inflation and unemployment is explained orally
- ✓ The objectives of macroeconomic policy are listed orally or in writing
- ✓ The differences between privatization, deregulation and competition are explained by way of practical examples
- ✓ Research is done to explain the interaction and differences between different economic systems

- Overview of the module, including tasks and activities - expectations
- Timetable
  - The Learner Guide

- The Learner Portfolio of Evidence

- Assessment: The importance of completing all tasks in the PoE; the neat and orderly submission of evidence in the PoE; all forms completed and signed
- WIL Component

- The Summative Assessment

3. Purpose of the Module

4. Duration

Basic economic concepts: 5 contact hours to be completed in the **2nd** semester.

Proposed Roll Out Strategy	Credits	**Total Notional Hours**	Theory (60%): Hours	Practical (30%): Hours	Group work/ Collaboration (10%)	**Total Contact Sessions (40%): Total Hours**	Work Integrated Learning (10%): Hours	Portfolio of Evidence (65%): Hours	Study /Research (25%): Hours	**Total practical Sessions (60%): Total Hours**	**Assessments (5%): Total Hours**
Basic economic concepts	5	50	20	35	45	30	45	20	37	20	47

5. Syllabus

Overarching Outcomes	Objectives	Content/ Subject Matter	Th	Practical		Learning Activity	Materials & Page No.
				PoE	WIL		
Overarching Outcome No: **ACs:** The function of the economy and its participants are identified and listed in writing The concept of supply and demand as it relates to markets and economic conditions is explained in writing The effects of changes in demand and/or supply on prices and quantities are interpreted and	Functions of the economy	**Economy of South Africa**	√	√		**PoE Activity:** •	Notes
	The concept of supply and demand	markets and economic conditions	√		√	**Class Activity**	Notes

explained in writing The conditions under which markets fail and why Government intervention is necessary is discussed orally Basic macro-economic goals and instruments, the GDP concept and its limitations is understood and applied in practice	The effects of changes in demand and/or supply	GDP concept	√	√		**PoE Activity :** • Market research tool	Notes

SECTION B: ASSESSMENT

1. Assessment Strategy

The assessment activities will cover the outcomes required in order to achieve competence. The purpose of the assessment process is to gather enough evidence to prove all outcomes were achieved.

Competency will be assessed through formative and summative assessment activities which will require a fair amount of preparation, study and research. Assessment evidence should be sufficient to prove that the Learner is competent in all exit level outcomes.

A summative assessment will be conducted at the end of the module to confirm assessment judgments. Principles of fairness, validity, practicability, reliability and consistency must be adhered to throughout.

Module 2	**Semester**	**Formative Assessment**		**Summative Assessment**	
		PoE	**Test**	**Theory**	**FSA Practical**
Basic economic concepts	2ND	✓	✓	✓	✓

1.1 Formative Assessment

1.1.1 Portfolios Of Evidence

A learner must complete all assessment activities in the PoE, and be declared COMPETENT ["C"] in all PoE activities. Should a learner be found NOT YET COMPETENT ["NYC"], he/she is entitled to ONE extra opportunity to resubmit the work without penalty/payment.
Refer to the Assessment Policy for details of penalties/payments.

1.1.2 Tests

All learners need to complete one test per semester module (as per formal test week) as part of the formative process. Refer to the Assessment Framework (1.4) for the scope.

DURATION:	45 minutes
TOTAL MARKS:	50 marks
PASS MARK:	50 %

Learners do not need to pass the test as the mark obtained will not affect the final results for each learner. It does, however, form an important part of the formative process in order to prepare the learner for the Summative Assessment.

1.2 Summative Assessment

The summative assessment will assess learners on all the modules to determine whether all the assessment criteria for all outcomes have been met. At the end of each module, there is a Summative Assessment (Exam), which the learner must pass.

DURATION:	1 ½ hours
TOTAL MARKS:	100 marks
PASS MARK:	50 %
SUPPLEMENTARY:	0 – 49 %

1.3 Final Summative Assessment

Learners will be required to complete an Integrated Final Summative Assessment for this programme in the form of a practical exam and an exhibition, marked against a rubric.

DURATION:	Part A - 3 hours Part B - 3 hours
TOTAL MARKS:	Practical Exam -80 marks Exhibition - 20 marks
PASS MARK:	50 % to be declared Competent "C"
SUPPLEMENTARY:	0 – 49 % qualifies for a supp
	Exhibition mark obtained + Supp Practical Exam
	50 % to be declared Competent "C"

1.4 Assessment Framework

Module Name	Semester	Work to be Covered for Test/s	Work to be Covered for Exam
Basic economic concepts	2ND	All formative covered for this module	All summative covered for this module

Masithuthuke Holdings

1.5 Work Integrated Learning

This programme includes a compulsory Workplace Learning component. Workplace Learning provides important opportunities for professional and personal growth. It addresses specific competencies identified for the acquisition of the qualification, which relates to the development of skills that will make the learner employable and will assist in developing his/her personal skills. Refer to the WIL Policy for more details.

Learners must be assisted in finding placements, and attend an orientation session on WIL which must be completed before carrying out this component. Upon return from the WIL experience, learners must submit their WIL Logbooks in which they have been found competent.

1.6 Calculation of Final Results

The final results will be calculated as follows:

COMPONENT	WEIGHTING	EXPLANATION	EXAMPLE	
			Achievement	Results:
FA (POE)	45%	Student automatically get 45 here when they are declared "C" Competent	C	45
FA (Test)	5%	Learner must achieve 50% and above to pass the test. The mark is this low to ensure that a fail cannot cause a learners failure of the programme.	80%	4
SA (Exam)	50%	Learners must achieve 50% and above to pass the exam. The exam has a 50% weighting.	60%	30
SA (FSA)	Compulsory	Learners must be declared Competent "C" in the FSA.	C	C
WIL	Compulsory	Learners must be declared Competent "C" in the WIL Logbook / Practical's. Failure to do so will result in the **non-certification** of the learner!	C	C
TOTAL	**100%**	**70% overall Pass (Required by**	**C**	**79%**

2. The Portfolio of Evidence

A Portfolio is a collection of different types of evidence relating to the work being assessed. It is important that the evidence in the PoE meets the requirements of sufficiency and currency. The learner is responsible for the collection of evidence and the compilation of the portfolio. Once a PoE has been compiled, it needs to be assessed and moderated. (Please refer to the LOG for more information regarding the PoE)

It is the Learner's responsibility to make copies of the evidence inserted in the PoE which is kept safely as a back-up. When learners hand in their PoEs for the final assessment, please remember to have the 'Acknowledgement of Receipt' form signed; learners to receive a copy of this receipt. PoEs have to be stored safely at the campus for a period of 5 years.

It is required of the facilitator/assessor to provide formal written feedback on all assessed PoE activities, and the learner is expected to take note of these comments, and provide written feedback of their own.

Meeting deadlines is an important work ethic – so cultivate this skill while you are learning, and ensure that you hand in your assessments on time!

Remember that this is the 'showcase' of your knowledge and skills, and will be verified externally, so it should contain your best efforts!

3. Assessment Preparation
Preparing the Learner for Assessment

How to prepare the Learner	Document Requirement	[√]	Action Required
Explain to the Learner why you are meeting and the purpose of the assessment.	NQF Framework Assessment process		Explanation
Ensure the Assessment plan in the PoE has been completed in detail.	Assessment strategy		Discussion
Explain the assessment process, discuss assessment instruments, and assessment conditions.	Assessme nt instrument s		Explanation
Discuss the role-players during assessment.	Learners, Assessors, Moderator		Discussion
Describe the evidence required to be declared competent.	Examples of evidence		Facilitator to show examples of Evidence (good and bad examples)
Explain how evidence will be judged.	VACS criteria		Discuss principles of assessment
Explain to the Learner how to prepare evidence against outcomes and assessment criteria	SAQA qualification		Ensure understanding of outcomes and criteria
Confirm with the Learner what he/she should bring to the assessment (any Requirements)	PoE Actvitie s		Discussion
Ensure that Learners understand the procedures of all assessment practices.	Appeals procedure Moderation Deferments Assessment		Signed Declaration of Understanding in PoE by learner
Ask the Learner if he/she foresees any problems or identify any special needs.	List of special needs in PoE (2.1)		Identify any special needs
Check with Learner that he/she clearly understands the assessment procedure	Declaration of Understanding in PoE		Questions from learners are answered

4. Levels of Learning Activities

In doing learning activities with a view to obtaining the qualification, you are likely to come across the following words which ask you to do certain tasks in a certain way. The table below provides some explanation of what is expected of you when specific words are used in assessments:

Level	Description	Explanation
Low Order (Learners report on what they know or believe)	Recall	To remember or recollect
	Recount	To give an account of something: to describe something in your own words
	Describe	To explain or tell what you read or experienced
	True/False questions	To state “true” or “false” to specific questions
Middle Order (i.e. learners reorganise what they know)	Express an opinion	To give your own view or judgement about something, giving reasons as to why you hold that particular view
	Interpret	Explain the meaning of something
	Summarise	To state something in a concise manner; to sum up what the main ideas or content is of a particular topic
	Compare	To draw a comparison between two or more things by highlighting the differences and similarities between the different ideas/ approaches/ beliefs, etc.
	Translate	To restate something in a different, often simpler, language
	Exemplify	To provide an example of your opinion/ statement
	Categorise	To place something in a category (usually there are a set number of categories)
	Classify	As per ‘categorise’ above
	Apply	To give a practical example or illustration of a theoretical concept
	Extrapolate	To infer more widely from a limited range of known facts
High Order (i.e. learners develop new knowledge)	Specifying relationship	To name or mention expressly a connection or association of one thing
	Formulating hypotheses	To make a statement as a starting point for further investigation from known facts; to make a proposition as a basis for reasoning, without knowing the outcome
	Devising ways of listing	To come up with quantitative or qualitative methods for assessing the validity or otherwise of a specific idea/concept/belief

5. How to Conduct Research

You may be asked to 'conduct research' as part of a structured learning activity. What this means is that you need to find other sources of information about the topic and you will need to provide additional information in a coherent and summarised manner.

Below are some tips and techniques on how to conduct research:

a) Get focused. You will be more effective in doing research if you know exactly what you want and why you want it. So, before you start, write a short sentence describing exactly what you want to find out and why.

b) List all possible sources for finding out information. Be creative! Resources can usually be placed into three categories:
- Hard copy (anything you can pick up, such as newspapers, books, technical manuals, etc.)
- People (interviewing experts in certain fields)
- Auditory and visual media (internet, radio, TV, etc.)

Be specific. Don't just put down 'internet' as a source; instead, list the specific websites which may be helpful. For people resources, put down the names of the specific people who could be useful sources of information. Once you have identified different sources of information, highlight three to five sources that you believe will be the most useful to you. Now focus on those!

c) Hunt with a purpose. Once you have decided on your most likely sources of information, gather information from those sources. Don't get sidetracked into irrelevant (but often very interesting) details. Refer back to your short sentence [a] to make sure that you stay focused.
When obtaining information from hard copy, it is often useful to go straight to the index to find what you want. When obtaining information from people, compile a list of the questions you want to ask them. Be very clear and concise in your questioning, and don't take too much time. If you are unfocused in your questions or take up too much time (for example more than half an hour), you will find that next time the person will be reluctant to help you in the future. When obtaining information from the internet, use a good search engine to focus on what you want. Many people find the GOOGLE search engine useful: http://www.google.com

d) Stop when you have enough information. Easier said than done! Most people fall into one of two traps:
- Obtaining too little information, usually from a single source
- Obtaining too much information and subsequently getting bogged down in a mass of data

You have enough information when you can answer your short sentence formulated in [a], referring to more than one source.

e) Organise your information carefully. Don't be afraid to discard what you don't need. It is unlikely that you will need all the information that you have gathered.

f) Credit your sources. Copying something without referring to the source is called plagiarism (academic cheating!) However, if you acknowledge your source then you can copy as much as you like (but remember to quote copied sections by using inverted commas), and state who you are quoting. It is good practice to provide the name of the author, the paper/book/source in which you found the information and the year of publishing available.

6. Plagiarism

The following is regarded as plagiarism; thus making you guilty of not submitting authentic work:

a) No copies are allowed to be made of the prescribed text books – be it in part or the complete book.

b) Submitting another's published or unpublished work, in whole, in part, or in paraphrase, as one's own without fully and properly crediting the author with footnotes, citations or bibliographical reference.

c) Word-for-word copying of sentences or whole paragraphs from one or more sources (the work or data of another person) or presenting of substantial extracts from books, articles, theses, other unpublished work such as working papers, seminar and conference papers, internal reports, lecture notes or tapes, without clearly indicating their origin.

d) Submitting as one's own, original work, material obtained from an individual or agency without reference to the person or agency as the source of the material.

e) Submitting as one's own, original work, material that has been produced through unacknowledged collaboration with others without release in writing from the collaborators.

f) Copying computer files, algorithms or computer codes without clearly indicating their origin.

g) Submitting work that has been derived, in whole or in part, from another learner's work by a process of mechanical transformation (e.g. changing variable names in computer programs).

SECTION C: ADMINISTRATIVE RESPONSIBILITIES AND LEARNER SUPPORT

1. Learner Registration Form & ID

Please refer to the end of the LOG (Learner Orientation Guide) for the Learner Registration Form. Ensure that you have completed it correctly, and that it has been submitted to your facilitator together with a certified copy of your ID/Passport.

2. Attendance Registers

You are required to sign the Attendance Register every day of attendance. Please make sure you sign every contact session attended.

3. Completion of Evaluations

During the semester, you will be expected to complete a number of evaluations. Please do so diligently, and provide constructive comments for improvement.

4. Learner Support

- You are responsible for your own learning – make sure you manage your study, practical, workplace and portfolio time responsibly
- Learning activities are learner driven – use the Learner Guide and the Portfolio Guide in the manner intended, and that you are familiar with the Portfolio requirements
- The facilitator is there to reasonably assist you during the contact session, practical and workplace time of this programme – make sure that you have his/her contact details
- Internet access: To assist in research projects or other assignments where the learner needs to gather information
- Assessment criteria: The learner should know at all times what the requirements and assessment criteria are
- Learners-at-risk to fail are identified during the semester, and support provided to such learners

SECTION D: LEARNING MAP

1. Learning Map

Each module comes with a learning map, which provides information on the content, duration, outcomes to be achieved and suggested activities to be completed.

The hours indicated are the maximum. If the material is covered in less time, the remaining time can be spent on revision prior to assessments or on practical assignment work. It is **essential** that learners gain **practical experience** during this module.

This module consists of **50** hours divided into units as indicated below. Please allow learners to complete activities in their PoE.

Topic	Reference	Hours
Functions of the economy	Notes	20
The concept of supply and demand	Notes	20
The effects of changes in demand and/or supply	Notes	10
	All chapters for revision	
Total Hours		50

<table>
<tr><td colspan="2"></td></tr>
<tr><td>Topic:01- Functions of the economy
Time allocation:</td><td>20Hours</td></tr>
<tr><td colspan="2">Learning outcomes:
By the end of this section the student should be able to:
The function of the economy and its participants are identified and listed in writing
▪</td></tr>
<tr><td>Content and Activities:

AC10The function of the economy and its participants are identified and listed in writing

The facilitator should discuss the following content comprehensively:
Economy of South Africa

Learners are required to do the following:
• Class activity</td><td>References and Resources

• notes</td></tr>
</table>

Topic: 01- Functions of the economy

The **economy of South Africa** is the second largest in Africa, behind Nigeria, it accounts for 24% of its gross domestic product in terms of purchasing power parity, and is ranked as an upper-middle income economy by the World Bank; this makes the country one of only four countries in Africa in this category (the others being Botswana, Gabon and Mauritius). Since 1996, at the end of over twelve years of international sanctions, South Africa's Gross Domestic Product has since almost tripled to $400 billion, and foreign exchange reserves have increased from $3 billion to nearly $50 billion; creating a growing and sizable African middle class, within two decades of establishing democracy and ending apartheid.

According to official estimates, a quarter of the population is unemployed, According to a 2013 Goldman Sachs report, that number increases to 35% when including people who have given up looking for work. A quarter of South Africans live on less than US $1.25 a day.

South Africa has a comparative advantage in the production of agriculture, mining and manufacturing products relating to these sectors. South Africa has shifted from a primary and secondary economy in the mid-twentieth century to an economy driven primarily by the tertiary sector in the present day which accounts for an estimated 65% of GDP or R230 billion in nominal GDP terms. The country's economy is reasonably diversified with key economic sectors including mining, agriculture and fisheries, vehicle manufacturing and assembly, food processing, clothing and textiles, telecommunication, energy, financial and business services, real estate, tourism, transportation, and wholesale and retail trade.

The unemployment rate is very high, at more than 25%, and the poor have limited access to economic opportunities and basic services. Poverty also remains a major problem. In 2002, according to one estimate, 62% of Black Africans, 29% of Coloureds, 11% of Asians, and 4% of Whites lived in poverty.

The high levels of unemployment and inequality are considered by the government and most South Africans to be the most salient economic problems facing the country. These issues, and others linked to them such as crime, have in turn hurt investment and growth, consequently having a negative feedback effect on employment. Crime is considered a major or very severe constraint on investment by 30% of enterprises in South Africa, putting crime among the four most frequently mentioned constraints.

South Africa, unlike other emerging markets, has struggled through the late 2000s recession, and the recovery has been largely led by private and public consumption growth, while export volumes and private investment have yet to fully recover.[18] The long-term potential growth rate of South Africa under the current policy environment has been estimated at 3.5%. Per capita GDP growth has proved mediocre, though improving, growing by 1.6% a year from 1994 to 2009, and by 2.2% over the 2000–09 decade, compared to world growth of 3.1% over the same period.

The formal economy of South Africa has its beginnings in the arrival of Dutch settlers in 1652, originally sent by the Dutch East India Company to establish a provisioning station for passing ships. As the colony increased in size, with the arrival of French Huguenots and German citizens, some of the colonists were set free to pursue commercial farming, leading to the dominance of agriculture in the economy.

At the end of the 18th century, the British gained control of the colony. This led to the Great Trek, spreading farming deeper into the mainland, as well as the establishment of the independent Boer Republics of Transvaal and the Orange Free State.

In 1870 diamonds were discovered in Kimberley, while in 1886 some of the world's largest gold deposits were discovered in the Witwatersrand region of Transvaal, quickly transforming the economy into a resource-dominated one. The British gained control as a result of the Boer War. The country also entered a period of industrialisation during this time, including the organisation of the first South African trade unions.

The country soon started putting laws distinguishing between different races in place. In 1948 the National Party won the national elections, and immediately started implementing an even stricter race-based policy named Apartheid, effectively dividing the economy into a privileged white one, and an impoverished black one. The policy was widely criticised and led to crippling sanctions being placed against the country in the 1980s.

South Africa held its first multi-racial elections in 1994, leaving the newly elected African National Congress (ANC) government the daunting task of trying to restore order to an economy harmed by sanctions, while also integrating the previously disadvantaged segment of the population into it. The 1994 government inherited an economy wracked by long years of internal conflict and external sanctions.

The government refrained from resorting to economic populism. Inflation was brought down, public finances were stabilised, and some foreign capital was attracted. However, growth was still subpar. At the start of 2000, then President Thabo Mbeki vowed to promote economic growth and foreign investment by relaxing restrictive labour laws, stepping up the pace of privatisation, and cutting unneeded governmental spending. His policies face strong opposition from organised labour. From 2004 onward economic growth picked up significantly; both employment and capital formation increased.

In April 2009, amid fears that South Africa would soon join much of the rest of the world in the late-2000s recession, Reserve Bank Governor Tito Mboweni and Finance Minister Trevor Manuel differed on the matter: whereas Manuel foresaw a quarter of economic growth, Mboweni predicted further decline: "technically," he said, "that's a recession." In 2009 the Nobel Prize winning economist Joseph Stiglitz warned South Africa that inflation targeting should be a secondary

Year	**GDP,**	**exchange in early January**	**Unemployment rate**	**Per capita income,**
1980	80.547	0.8267 rand	9.2	2764
1985	57.273	2.0052 Rand	15.5	1736
1990	111.998	2.5419 Rand	16.0	3039
1995	151.117	3.5486 Rand	16.7	3684
2000	132.964	6.1188 Rand	25.6	2986
2005	246.956	5.6497 Rand	26.7	5267
2010	363.655	7.462 Rand	24.9	7274
2015 (f'cast)	510.937	–	22.8	-

Sectors

Exports of South Africa, 2009

Seasonally adjusted and annualised quarterly value added (Q1 2013)[27]

Industry	**Value added (R billion, 2004 prices)**
Agriculture, forestry and fishing	43.382
Mining and quarrying	97.096
Manufacturing	296.586
Electricity, gas and water	33.951
Construction	59.943
Wholesale and retail trade, hotels and restaurants	246.584
Transport, storage and communication	178.591
Finance, real estate and business services	422.850
General government services	271.209
Personal services	107.690
Taxes less subsidies on products	215.668
GDP at market prices	**1,973.552**

Mining industry of South Africa

Mining has been the main driving force behind the history and development of Africa's most advanced and richest economy. Large-scale and profitable mining started with the discovery of a diamond on the banks of the Orange River in 1867 by Erasmus Jacobs and the subsequent discovery and exploitation of the Kimberley pipes a few years later. Gold rushes to Pilgrim's Rest and Barberton were precursors to the biggest discovery of all, the Main Reef/Main Reef Leader on Gerhardus Oosthuizen's farm Langlaagte, Portion C, in 1886, the Witwatersrand Gold Rush and the subsequent rapid development of the gold field there, the biggest of them all.

South Africa is one of the world's leading mining and mineral-processing countries. Though mining's contribution to the national GDP has fallen from 21% in 1970 to 6% in 2011, it still represents almost 60% of exports. The mining sector accounts for up to 9% of value added.

In 2008, South Africa's estimated share of world platinum production amounted to 77%; kyanite and other materials, 55%; chromium, 45%; palladium, 39%; vermiculite, 39%; vanadium, 38%; zirconium, 30%; manganese, 21%; rutile, 20%; ilmenite, 19%; gold, 11%; fluorspar, 6%; aluminium, 2%; antimony, 2%; iron ore, 2%; nickel, 2%; and phosphate rock, 1%.South Africa also accounted for nearly 5% of the world's polished diamond production by value. The country's estimated share of world reserves of platinum group metals amounted to 89%; hafnium, 46%; zirconium, 27%; vanadium, 23%; manganese, 19%; rutile, 18%; fluorspar, 18%; gold, 13%; phosphate rock, 10%; ilmenite, 9%; and nickel, 5%.It is also the world's third largest coal exporter.

The mining sector has a mix of privately owned and state-controlled mines, the latter including African Exploration Mining and Finance Corporation.

Agriculture in South Africa

Workers planting on a farm in the central area of Mpumalanga

Farm workers

The agricultural industry contributes around 10% of formal employment, relatively low compared to other parts of Africa, as well as providing work for casual labourers and contributing around 2.6% of GDP for the nation. However, due to the aridity of the land, only 13.5% can be used for crop production, and only 3% is considered high potential land. The sector continues to face problems, with increased foreign competition and crime being two of the major challenges for the industry. The government has been accused of either putting in too much effort, or not enough effort, to tackle the problem of farm attacks as opposed to other forms of violent crime.

According to FAOSTAT, South Africa is one of world's largest producers of: chicory roots (4th); grapefruit (4th); cereals (5th); green maize and maize (7th); castor oil seed (9th); pears (9th); sisal (10th); fibre crops (10th). In the first quarter of 2010, the agricultural sector earned export revenues for R10.1 billion and used R8.4 billion to pay for imported agricultural products, therefore earning a positive trade balance of R1.7 billion.

The most important agricultural exports of South Africa include: edible fruit and nuts, beverages, preserved food, tobacco, cereals, wool not carded or combed, miscellaneous food, sugar, meat, milling products, malt and starch.

These products accounted for over 80% of agricultural export revenue in the first quarter of 2010. The most important agricultural imports, which accounted for over 60% of agricultural import value during the same period, include: cereals, meat, soya-bean oil cake, beverages, soya-bean oil and its fractions, tobacco, palm oil and its fractions, miscellaneous food, spices, coffee, tea, and preserved food.

The dairy industry consists of around 4,300 milk producers providing employment for 60,000 farm workers and contributing to the livelihoods of around 40,000 others.

The food sub-sector is the largest employer within the agro-processing sector – contributing 1.4% to total employment, and 11.5% within the manufacturing sector. In 2006, the agro-processing sector represented 24.7% of the total manufacturing output. Although the economy as a whole gained 975,941 jobs between 1995 and 2006, the agro-processing sector lost 45,977 jobs. The competitive pressures from abroad, particularly from China and India, played a role in the decline of exports for the food, textiles and paper sub-sectors, as firms in these sectors increasingly compete with lower cost producers. Increased exports from the beverages, tobacco, wood and leather sub-sectors over the period are probably due to the presence of large dominant firms within these sectors in South Africa, that have managed to remain competitive.

Manufacturing

The manufacturing industry's contribution to the economy is relatively small, providing just 13.3% of jobs and 15% of GDP. Labour costs are low, but not nearly as low as in most other emerging markets, and the cost of the transport, communications and general living is much higher.

The South African automotive industry accounts for about 10% of South Africa's manufacturing exports, contributes 7.5% to the country's GDP and employs around 36,000 people. Annual production in 2007 was 535,000 vehicles, out of a global production of 73 million units in the same year. Vehicle exports were in the region of 170,000 units in 2007, exported mainly to Japan (about 29% of the value of total exports), Australia (20%), the UK (12%) and the US (11%). South Africa also exported ZAR 30.3 billion worth of auto components in 2006.

BMW, Ford, Volkswagen, Daimler-Chrysler, General Motors and Toyota all have production plants in South Africa. Large component manufacturers with bases in the country are Arvin Exhaust, Bloxwitch, Corning and Senior Flexonics. There are also about 200 automotive component manufacturers in South Africa, and more than 150 others that supply the industry on a non-exclusive basis. The industry is concentrated in two provinces, the Eastern Cape and Gauteng. Companies producing in South Africa can take advantage of the low production costs and the access to new markets as a result of trade agreements with the European Union and the Southern African Development Community.

After a steep decline of 10.4% in 2009, the manufacturing sector performed well in 2010, growing by 5%, though this rebound was limited to the automotive, basic chemicals, iron and steel and food and beverages industries. The performance of this sector remains curtailed by the low demand in South Africa's main export markets in the developed world.

Service industry

Telecommunications in South Africa and Tourism in South Africa

The domestic telecommunications infrastructure provides modern and efficient service to urban areas, including cellular and internet services. In 1997, Telkom, the South African telecommunications parastatal, was partly privatised and entered into a strategic equity partnership with a consortium of two companies, including SBC, a U.S. telecommunications company. In exchange for exclusivity (a monopoly) to provide certain services for 5 years, Telkom assumed an obligation to facilitate network modernisation and expansion into the unserved areas. A Second Network Operator was to be licensed to compete with Telkom across its spectrum of services in 2002, although this license was only officially handed over in late 2005 and has recently begun operating under the name, Neotel. Five mobile-phone companies provide service to over 20 million subscribers, with South Africa considered to have the 4th most advanced mobile telecommunications network worldwide. The five major cellular providers are Vodacom, MTN, Cell C, 8ta (owned by the parastatal, Telkom) and Virgin Mobile.

Business process outsourcing

Over the last few decades, South Africa and particularly the Cape Town region has established itself as a successful Call center and business process outsourcing destination. With a highly talented pool of productive labor and with Cape Town sharing cultural affinity with Britain, large overseas firms such as Lufthansa, Amazon.com, ASDA, The Carphone warehouse, Delta airlines and many more have established inbound call centers within Cape Town as a means of utilizing Cape Town's low labor costs and talented labor force.

Tourism

South Africa is a popular tourist destination, with around 860,000 arrivals per month (March 2008) of which around 210,000 is from outside the African continent.

In 2012 South Africa received 9.2 million international arrivals.

According to the World Travel & Tourism Council, travel and tourism directly contributed ZAR102 billion to South African GDP in 2012 and supports 10.3% of jobs in the country. Among the main attractions are the diverse and picturesque culture, the game reserves and the highly regarded local wines.

Financial services

South Africa has a sophisticated financial structure with the JSE Securities Exchange, a large and active stock exchange that ranks 18th in the world in terms of total market capitalisation as of March 2009.

The banking industry, overseen by the South African Reserve Bank, is dominated by four local players: Nedbank, ABSA, Standard Bank and First Rand. These banks provide both retail and investment banking services as the sector has become highly competitive with the re-entry of many experienced foreign banks, which returned to the market in the mid-1990s, having left in the late 1980s. Banks operating in South Africa, when left short of liquidity, need to borrow from the SARB at a fluctuating repo rate, which in turn allows the central bank to monitor liquidity positions.

Trade and investment

Foreign trade of South Africa

South African exports and imports between 1992 and 2011. Top graph illustrates exports (dark blue) and imports (light blue). The bottom graph illustrates South Africa's balance of trade.

Principal international trading partners of South Africa—besides other African countries—include Germany, the United States, China, Japan, the United Kingdom and Spain. Chief exports include corn, diamonds, fruits, gold, metals and minerals, sugar, and wool. Machinery and transportation equipment make up more than one-third of the value of the country's imports. Other imports include chemicals, manufactured goods, and petroleum.

As a result of a November 1993 bilateral agreement, the Overseas Private Investment Corporation (OPIC) can assist US investors in the South African market with services such as political risk insurance and loans and loan guarantees.

Despite the numerous positive economic achievements since 1994, South Africa has struggled to attract significant foreign direct investment. The situation may have started to change however, with 2005 seeing the largest single FDI into South Africa when Barclays bought a majority share in local bank Absa Group Limited. Deals between the British based Vodafone and South Africa's Vodacom have taken place in 2006. In 2010, two multi-billion dollar deals, one by HSBC to acquire Nedbank and one by Walmart to acquire Massmart Holdings, fell through. (Walmart did eventually buy Massmart in 2011)

Land reform and property rights

Nationalization of mines debate

South Africa has been riven by arguments over whether the state should take over mineral resources. A study commissioned by the African National Congress recommended against the policy, saying nationalisation would be an "economic disaster."

Land redistribution

The government aims to transfer 30% of the 82 million hectares presumed to be in the hands of white farmers by Gugile Nkwinti, Minister of Rural Development and Land Reform, amounting to 24.5 million hectares, to black farmers by 2014. 6.7 million hectares had been transferred by early 2012 via redistribution and restitution.

The land reform program has been criticised both by farmers' groups and by landless workers, the latter alleging that the pace of change has not been fast enough, and the former alleging racist treatment and expressing concerns that a similar situation to Zimbabwe's land reform policy may develop, a fear exacerbated by comments made by former deputy president Phumzile Mlambo-Ngcuka.

Labour market

South Africa has an extreme and persistent high unemployment rate, which interacts with other economic and social problems such as inadequate education, poor health outcomes and crime. South Africa's mass unemployment dates back to the 1970s, and continued to rise through the 1980s and 1990s. Unemployment has increased substantially since the African National Congress came to power in 1994, going from 15.6% in 1995 to 30.3% in 2001. In the second quarter of 2010, the jobless rate increased to 25.3%, and the number of people with work fell by 61,000 to 12.7 million. The biggest decline in employment was recorded in the manufacturing industry, which shed 53,000 workers. Agriculture lost 32,000 jobs, employment in the construction industry fell by 15,000. In the third quarter of 2010, 29.80% of blacks were officially unemployed, compared with 22.30% of coloureds, 8.60 of Asians and 5.10% of whites.

The official unemployment rate, though very high by international standards, understates its magnitude because it includes only adults who are actively looking for work, excluding those who have given up looking for jobs. Only 41% of the population of working age have any kind of job (formal or informal). This rate is 30% points lower than that of China, and about 25% lower than that of Brazil or Indonesia. The relatively generous social grants reduces the political cost of unemployment. There is some evidence that households view paid employment and social grants as substitutes at the margin: households that lose a pension-eligible member subsequently report increased labour force participation.

The unemployment problem is characterised by its lengthy duration: in the mid-1990s nearly two thirds of the unemployed had never worked for pay. The 2005 Labour Force Survey found that 40% of unemployed individuals have been unemployed for more than three years, while 59% have never had a job at all. The unemployment rate has fuelled crime, inequality and social unrest. The global economic downturn has made the problem worse, wiping out more than a million jobs. In September 2010, over a third of South Africa's workforce were out of work, and so were more than half of blacks aged 15–34, three times the level for whites.

Some experts contend that higher wages negotiated by politically powerful trade unions have suppressed job growth. According to a study by Dani Rodrik, the shrinkage of the non-mineral tradable sector since the early 1990s and the weakness of the export-oriented manufacturing were more to blame for the low level of employment.

Infrastructure

Energy

Energy in South Africa

After unsuccessful attempts by the government to encourage private construction of power generation capacity, the state-owned power supplier Eskom started experiencing deficiency in capacity in the electrical generating and reticulation infrastructure in 2007. Such lack led to inability to meet the routine demands of industry and consumers, resulting in countrywide rolling blackouts. Initially, the lack of capacity was triggered by a failure at Koeberg nuclear power station, but a general lack of capacity due to increased demand has become evident since then. The supplier has been widely criticised for failing to adequately plan for and construct sufficient electrical generating capacity, although ultimately the government has admitted that it is at fault for refusing to approve funding for investment in infrastructure.

The crisis was resolved within a few months, but the margin between national demand and available capacity is still low (particularly in peak hours), and power stations are under strain, such that another phase of rolling blackouts is probable if parts of the supply are halted for whatever reason. The government and Eskom are currently planning new power stations, at cost to the South African consumer. The power utility plans to have 20,000 megawatts of nuclear power in its grid by 2025.

Water

Water supply and sanitation in South Africa

Some predictions show surface water supply could decrease by 60% by the year 2070 in parts of the Western Cape.

The South African government planned to spend R69 billion on water infrastructure between 2008 and 2015. This involves building new dams and ancillary infrastructure, and repairing existing infrastructure. South Africa has an estimated total water capacity of 38 billion cubic metres, but will need 65 billion by 2025 if the economy is to keep on growing. The massive urban migration has placed further strain on the country's ageing water infrastructure and created a large backlog.

Income levels

Annual per capita personal income by race group relative to white levels				
Year	White	Coloured	Asian	**Black**
1917	100	22.0	22.1	9.1
1924	100	20.0	19.4	7.9
1936	100	15.6	23.1	7.6
1946	100	16.3	23.0	8.9
1956	100	16.9	21.9	8.6
1960	100	15.9	17.1	8.1
1970	100	17.3	20.2	6.8
1975	100	19.4	25.4	8.6
1980	100	19.1	25.5	8.5
1987	100	20.9	30.2	8.5
1993	100	19.3	42.0	10.9
1995	100	20.0	48.4	13.5
2000	100	23.0	41.0	15.9
2008	100	22.0	60.0	13.0

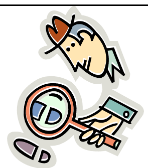
Formative assessment

Role play Activity:01	

Instructions	Explain the functions of the economy in South Africa?
Method	individual Activity
Media Method	Flipchart
CCFO	DEMONSTRATING
Marks	10

Project Group Activity:02	
Instructions	Define a developed country?
CCFO	COMMUNICATING
Method	Group Activity
Media Method	Flipchart

Notes:

Research PROJECT Activity: *03*	
Instructions	Explain the purpose of GDE?
CCFO	**COLLECTING**
Method	Individual Activity
Media Method	Flipchart
Mark	*10*

Notes:

Summative assessment

Simulation ACTIVITY *04*	
Instructions	Describe a business process outsourcing?
CCFO	ORGANISING
Method	Group Activity
Media Method	Flipchart
Mark	

Topic:02- The concept of supply and demand **Time allocation:**	**20Hours**
Learning outcomes: ***By the end of this section the student should be able to:*** The concept of supply and demand as it relates to markets and economic conditions is explained in writing ▪	
Content and Activities: AC2-The concept of supply and demand as it relates to markets and economic conditions is explained in writing **The facilitator should discuss the following content comprehensively:** markets and economic conditions **Learners are required to do the following:** • Class activity	**References and Resources** • notes

Topic: 02- The concept of supply and demand

Supply (economics)

In economics, **supply** refers to the amount of a product that producers and firms are willing to sell at a given price all other factors being held constant. Usually, supply is plotted as a supply curve showing the relationship of price to the amount of product businesses are willing to sell.

Supply schedule

A supply schedule is a table which shows how much one or more firms will be willing to supply at particular prices under the existing circumstances. Some of the more important factors affecting supply are the good's own price, the prices of related goods, production costs, technology and expectations of sellers.

Factors affecting supply

Innumerable factors and circumstances could affect a seller's willingness or ability to produce and sell a good. Some of the more common factors are:

> **Good's own price:** The basic supply relationship is between the price of a good and the quantity supplied. Although there is no "Law of Supply", generally, the relationship is positive, meaning that an increase in price will induce an increase in the quantity supplied.
> **Prices of related goods:** For purposes of supply analysis related goods refer to goods from which inputs are derived to be used in the production of the primary good. For example, Spam is made from pork shoulders and ham. Both are derived from pigs. Therefore pigs would be considered a related good to Spam. In this case the relationship would be negative or inverse. If the price of pigs goes up the supply of Spam would decrease (supply curve shifts left) because the cost of production would have increased. A related good may also be a good that can be produced with the firm's existing factors of production. For example, suppose that a firm produces leather belts, and that the firm's managers learn that leather pouches for smartphones are more profitable than belts. The firm might reduce its production of belts and begin production of cell phone pouches based on this information. Finally, a change in the price of a joint product will affect supply. For example beef products and anani sikim leather are joint products. If a company runs both a beef processing operation and a tannery an increase in the

price of steaks would mean that more cattle are processed which would increase the supply of leather.

Conditions of production: The most significant factor here is the state of technology. If there is a technological advancement in one good's production, the supply increases. Other variables may also affect production conditions. For instance, for agricultural goods, weather is crucial for it may affect the production outputs.

Expectations: Sellers' are concerning future market conditions can directly affect supply. If the seller believes that the demand for his product will sharply increase in the foreseeable future the firm owner may immediately increase production in anticipation of future price increases. The supply curve would shift out.

Price of inputs: Inputs include land, labor, energy and raw materials. If the price of inputs increases the supply curve will shift left as sellers are less willing or able to sell goods at any given price. For example, if the price of electricity increased a seller may reduce his supply of his product because of the increased costs of production.

Number of suppliers: The market supply curve is the horizontal summation of the individual supply curves. As more firms enter the industry the market supply curve will shift out driving down prices.

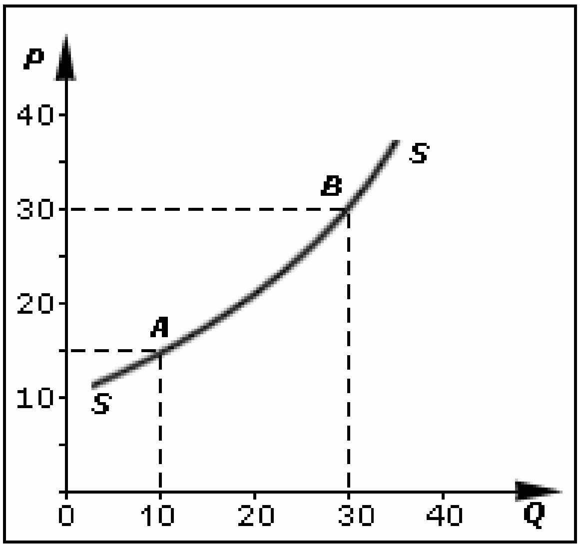
Government policies and regulations: Government intervention can have a significant effect on supply. Government intervention can take many forms including environmental and health regulations, hour and wage laws, taxes, electrical and natural gas rates and zoning and land use regulations.

This list is not exhaustive. All facts and circumstances that are relevant to a seller's willingness or ability to produce and sell goods can affect supply.[10] For example, if the forecast is for snow retail sellers will respond by increasing their stocks of snow sleds or skis or winter clothing or bread and milk.

Supply function and equation

The supply function is the mathematical expression of the relationship between supply and those factors that affect the willingness and ability of a supplier to offer goods for sale. An example would be the curve implied by $Q_{\mathrm{s}} = f(P; P_{\mathrm{rg}})$ where P is the price of the good and P_{rg} is the price of a related good. The semicolon means that the variables to the right are held constant when quantity supplied is plotted against the good's own price. The supply equation is the explicit mathematical expression of the functional relationship. A linear example is $Q_{\mathrm{s}} = 325 + P - 30P_{\mathrm{rg}}$. Here 325 is the repository of all non-specified factors that affect supply for the product. The coefficient of P is positive following the general rule that price and quantity supplied are directly related. P_{rg} is the price of a related good. Typically its coefficient is negative because the related good is an input or a source of inputs.

Supply curve



An example of a nonlinear supply curve

The curve is generally positively sloped. The curve depicts the relationship between two variables only; price and quantity supplied. All other factors affecting supply are held constant. However, these factors are part of the supply equation and are implicitly present in the constant term.

Movements versus shifts

Movements along the curve occur only if there is a change in quantity supplied caused by a change in the good's own price.[12] A shift in the supply curve, referred to as a change in supply, occurs only if a non-price determinant of supply changes.[12] For example, if the price of an ingredient used to produce the good, a related good, were to increase, the supply curve would shift left.

Inverse Supply Equation

By convention in the context of supply and demand graphs, economists graph the dependent variable (quantity) on the horizontal axis and the independent variable (price) on the vertical axis. The *inverse supply equation* is the equation written with the vertical-axis variable isolated on the left side: $P = f(Q)$. As an example, if the supply equation is $Q = 40P - 2P_{rg}$ then the inverse supply equation would be $P = \frac{Q}{40} + \frac{P_{rg}}{20}$.

Marginal costs and short-run supply curve

A firm's short-run supply curve is the marginal cost curve above the shutdown point—the short-run marginal cost curve (SRMC) above the minimum average variable cost). The portion of the SRMC below the shutdown point is not part of the supply curve because the firm is not producing any output. The firm's long-run supply curve is that portion of the long-run marginal cost curve above the minimum of the long run average cost curve.

Shape of the short-run supply curve

The Law of Diminishing Marginal Returns (LDMR) shapes the SRMC curve. The LDMR states that as production increases eventually a point (the point of diminishing marginal returns) will be reached after which additional units of output resulting from fixed increments of the labor input will be successively smaller.

That is, beyond the point of diminishing marginal returns the marginal product of labor will continually decrease and hence a continually higher selling price would be necessary to induce the firm to produce more and more output.

From firm to market supply curve

The market supply curve is the horizontal summation of firm supply curves.

The shape of the market supply curve

There is no law of supply that "requires" that the market supply curve have a positive slope; the curve may slope down or up or be horizontal or vertical.

Elasticity

The price elasticity of supply (PES) measures the responsiveness of quantity supplied to changes in price, as the percentage change in quantity supplied induced by a one percent change in price. It is calculated for discrete changes as $\left(\frac{\Delta Q}{\Delta P}\right) \times \frac{P}{Q}$and for smooth changes of differentiable supply functions as $\left(\frac{\partial Q}{\partial P}\right) \times \frac{P}{Q}$. Since supply is usually increasing in price, the price elasticity of supply is usually positive. For example if the PES for a good is 0.67 a 1% rise in price will induce a two-thirds increase in quantity supplied.

Significant determinants include:

Complexity of Production: Much depends on the complexity of the production process. Textile production is relatively simple. The labor is largely unskilled and production facilities are little more than buildings – no special structures are needed. Thus the PES for textiles is elastic. On the other hand, the PES for specific types of motor vehicles is relatively inelastic.

Auto manufacture is a multi-stage process that requires specialized equipment, skilled labor, a large suppliers network and large R&D costs.

Time to respond: The more time a producer has to respond to price changes the more elastic the supply. For example, a cotton farmer cannot immediately respond to an increase in the price of soybeans.

Excess capacity: A producer who has unused capacity can quickly respond to price changes in his market assuming that variable factors are readily available.

Inventories: A producer who has a supply of goods or available storage capacity can quickly respond to price changes.

Other elasticity's can be calculated for non-price determinants of supply. For example, the percentage change the amount of the good supplied caused by a one percent increase in the price of a related good is an input elasticity of supply if the related good is an input in the production process. An example would be the change in the supply of cookies caused by a one percent increase in the price of sugar.

Elasticity along linear supply curves

The slope of a linear supply curve is constant; the elasticity is not. If the linear supply curve intersects the price axis PES will be infinitely elastic at the point of intersection. The coefficient of elasticity decreases as one moves "up" the curve. However, all points on the supply curve will have a coefficient of elasticity greater than one. If the linear supply curve intersects the quantity axis PES will equal zero at the point of intersection and will increase as one moves up the curve; however, all points on the curve will have a coefficient of elasticity less than 1. If the linear supply curve intersects the origin PES equals one at the point of origin and along the curve.

Market structure and the supply curve

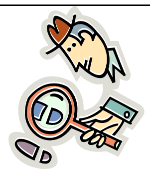
There is no such thing as a monopoly supply curve. Perfect competition is the only market structure for which a supply function can be derived. In a perfectly competitive market the price is given by the marketplace from the point of view of the supplier; a manager of a competitive firm can state what quantity of goods will be supplied for any price by simply referring to the firm's marginal cost curve. To generate his supply function the seller could simply initially hypothetically set the price equal to zero and then incrementally increase the price; at each price he could calculate the hypothetical quantity supplied using the marginal cost curve. Following this process the manager could trace out the complete supply function. A monopolist cannot replicate this process, because price is not imposed by the marketplace and hence is not an independent variable from the point of view of the firm; instead, the firm simultaneously chooses both the price and the quantity subject to the stipulation that together they form a point on the customers' demand curve. A change in demand can result in "changes in price with no changes in output, changes in output with no changes in price or both".There is simply not a one to one relationship between price and quantity supplied. There is no single function that relates price to quantity supplied

Formative assessment

Role play Activity:05	
Instructions	**Explain the supply (economics)?**
Method	individual Activity
Media Method	Flipchart
CCFO	DEMONSTRATING
Marks	10

Notes:

Project Group Activity:06	
Instructions	Describe the factors affecting supply?
CCFO	COMMUNICATING
Method	Group Activity
Media Method	Flipchart

Research PROJECT **Activity: *07***	
Instructions	**Distinguish between the movements versus shifts?**
CCFO	**COLLECTING**
Method	Individual Activity
Media Method	Flipchart
Mark	*10*

Notes:

Summative assessment

Simulation ACTIVITY *08*	
Instructions	**Explain the elasticity?**
CCFO	ORGANISING
Method	Group Activity
Media Method	Flipchart
Mark	

Notes:

Essay

Take some time to reflect on what you have learnt in this module and assess your knowledge against the following pointers. Write down your answers. Should you not be able to complete each of these statements, go back to your notes and check on your understanding? You can also discuss the answers with a colleague.

Describe the slope of a linear supply curve is constant?

<table>
<tr><td colspan="2"></td></tr>
<tr><td>Topic:03- The effects of changes in demand and/or supply
Time allocation:</td><td>10Hours</td></tr>
<tr><td colspan="2">Learning outcomes:
By the end of this section the student should be able to:
The conditions under which markets fail and why Government intervention is necessary is discussed orally
Basic macro-economic goals and instruments, the GDP concept and its limitations is understood and applied in practice</td></tr>
<tr><td>Content and Activities:

AC3-The effects of changes in demand and/or supply on prices and quantities are interpreted and explained in writing

The facilitator should discuss the following content comprehensively:

GDP concept
Learners are required to do the following:
• Class activity</td><td>References and Resources

• notes</td></tr>
</table>

Topic: 03- The effects of changes in demand and/or supply

Overview

Economists record demand on a demand schedule and plot it on a graph as a demand curve that is usually downward sloping. The downward slope reflects the negative or inverse relationship between price and quantity demanded: as price decreases, quantity demanded increases. Changing market price would move the equilibrium point for quantity demanded up and down ALONG the demand curve, but would not shift the demand curve - and would not change demand for the good. An actual change in demand means that the whole curve of quantity-demanded vs. price, has shifted. This curve is the demand, sometimes also called the demand curve. Change in demand and not just quantity-demanded could come from changes in consumer wealth, from consumer preferences, or from the prices of substitutes or complements for the product.

In principle, each consumer has a demand curve for any product that he or she is willing and able to buy, and the consumer's demand curve is equal to the marginal utility (benefit) curve, assuming full information and the lack of frictions that would perturb the consumer's choice. When the demand curves of all consumers are added up, the result is the market demand curve for that product which also indicates a negative or inverse relationship between the price and quantity demanded. If there are no externalities, the market demand curve is also equal to the social utility (benefit) curve.

Factors affecting elasticity of demand

Innumerable factors and circumstances could affect a buyer's willingness or ability to buy a good. Some of the more common factors are:

> **Good's own price**: The basic demand relationship is between potential prices of a good and the quantities that would be purchased at those prices. Generally the relationship is negative meaning that an increase in price will induce a decrease in the quantity demanded. This negative relationship is embodied in the downward slope of the consumer demand curve. The assumption of a negative relationship is reasonable and intuitive. If the price of a new novel is high, a person might decide to borrow the book from the public library rather than buy it.
>
> **Price of related goods**: The principal related goods are complements and substitutes. A complement is a good that is used with the primary good. Examples include hotdogs and mustard, beer and pretzels, automobiles and gasoline.(Perfect complements behave as a single good.) If the price of the complement goes up the quantity demanded of the other good

goes down. Mathematically, the variable representing the price of the complementary good would have a negative coefficient in the demand function. For example, $Q_d = a - P - P_g$ where Q is the quantity of automobiles demanded, P is the price of automobiles and P_g is the price of gasoline. The other main category of related goods are substitutes. Substitutes are goods that can be used in place of the primary good. The mathematical relationship between the price of the substitute and the demand for the good in question is positive. If the price of the substitute goes down the demand for the good in question goes down.

Personal Disposable Income: In most cases, the more disposable income (income after tax and receipt of benefits) a person has the more likely that person is to buy.

Tastes or preferences: The greater the desire to own a good the more likely one is to buy the good There is a basic distinction between desire and demand. Desire is a measure of the willingness to buy a good based on its intrinsic qualities. Demand is the willingness and ability to put one's desires into effect. It is assumed that tastes and preferences are relatively constant.

Consumer expectations about future prices and income: If a consumer believes that the price of the good will be higher in the future, he/she is more likely to purchase the good now. If the consumer expects that his/her income will be higher in the future, the consumer may buy the good now.

Population:If the population grows this means that demand will also increase.

Nature of the good:If the good is a basic commodity, it will lead to a higher demand

- This list is not exhaustive. All facts and circumstances that a buyer finds relevant to his willingness or ability to buy goods can affect demand. For example, a person caught in an unexpected storm is more likely to buy an umbrella than if the weather were bright and sunny.

Demand function and demand equation

The demand equation is the mathematical expression of the relationship between the quantity of a good demanded and those factors that affect the willingness and ability of a consumer to buy the good. For example, $Q_d = f(P; P_{rg}, Y)$ is a demand equation where Q_d is the quantity of a good demanded, P is the price of the good, P_{rg} is the price of a related good, and Y is income; the function on the right side of the equation is called the demand function. The semi-colon in the list of arguments in the demand function means that the variables to the right are being held constant as one plots the demand curve in (quantity, price) space. A simple example of a demand equation is $Q_d = 325 - P - 30P_{rg} + 1.4Y$. Here 325 is the repository of all relevant non-specified factors that affect demand for the product. P is the price of the good. The coefficient is negative in accordance with the law of demand. The related good may be either a complement or a substitute. If a complement, the coefficient of its price would be negative as in this example. If a substitute, the coefficient of its price would be positive. Income, Y, has a positive coefficient indicating that the good is a normal good. If the coefficient was negative the good in question would be an inferior good meaning that the demand for the good would fall as the consumer's income increased. Specifying values for the non price determinants, Prg = 4.00 and Y = 50, results in the demand equation Q = 325 - P - 30(4) +1.4(50) or Q = 275 - P. If income were to increase to 55 the new demand equation would be Q = 282 - P. Graphically this change in a non price determinant of demand would be reflected in an outward shift of the demand function caused by a change in the x intercept.

Demand curve

Demand curve

Demand curve is a graphical representation between price and quantity demanded. Its slope is negative showing that when price increases, then quantity demanded declines.

Causes of the negative slope

The negative slope of the demand curve is due to the diminishing marginal utility and the substitution and income effect. As the price falls, the number of units (product) where marginal utility (benefit) outweigh the marginal cost increases, thus it will continue to be a rational consumption for a larger number of units. The substitute effect is apparent because consumers will automatically switch to cheaper goods and move away from higher priced goods due to limited income and the desire to maximise their utility. When a good's price changes, a consumer's real income will be affected, in the case of a price decrease, they have greater purchasing power and their real income has increased. With this extra purchasing power, they are able to buy more and usually do (seen in normal goods).

Movements versus shifts

The demand curve is a two-dimensional depiction of the relationship between price and quantity demanded. Movements along the curve occur only if there is a change in quantity demanded caused by a change in the good's own price.

A shift in the demand curve, referred to as a change in demand, occurs only if a non-price determinant of demand changes. For example, if the price of a complement were to increase, the demand curve would shift leftward reflecting a decrease in demand. Conversely, a rightward shift in the demand curve reflects an increase in demand.

The shifted demand curve represents a new demand equation.

Movement along a demand curve due to a change in the good's price results in a change in the *quantity demanded*, not a change in *demand*. A change in *demand* refers to a shift in the position of the demand curve in two-dimensional space resulting from a change in one of the other arguments of the demand function.

From individual to market demand curve

The market demand curve is the horizontal summation of individual consumer demand curves.

Aggregation introduces three additional non-price determinants of demand:

(1) the number of consumers;

(2) "the distribution of tastes among the consumers"; and

(3) "the distribution of incomes among consumers of different taste."

Thus if the population of consumers increases, *ceteris paribus* the market demand curve will shift outward (to the right).

Finally if the distribution of income changes is favor of those consumers with a strong preference for the good in question the demand will shift out. Factors that affect individual demand can also affect market demand. However, net effects must be considered. For example, a good that is a complement for one person is not necessarily a complement for another; further, the strength of the relationship would vary among persons. So in the aggregate the goods might be substitutes or complements. Finally the demand for a firm's product or services will often depend on such factors as competitor's prices and marketing strategies.

Horizontal versus vertical summation

When adding individual demand curves it is critical that the summation be horizontal rather than vertical. The derivation of the market demand function involves adding quantities.

The conventional graphical representation is of the inverse demand function. Adding inverse demand equations involves adding prices. In order to add the demand functions algebraically one must first convert the inverse equation to the standard demand function where quantity demanded is a function of price.

For example, assume that there are two consumers in a given market and their respective demand functions are P = 30 - 2Q and P = 30 - 6Q.

To sum these functions to obtain the market demand curve one must first convert to standard form, that is Q = 15 - (P/2) and Q = 5 - (P/6). Then, adding Q1 and Q2 yields 15 - (P/2) + 5 - (P/6) = 20 - (4P/6) = 20 - 2P/3.

Coefficient addition

Note that in aggregating individual demand curves to determine market demand one has to add the coefficients for the goods own price. The unexpressed assumption that is the basis for the addition is the law of one price. With some variables addition of coefficients is more problematic. For example income is an important determinant of demand. However, the percentage of additional income that a person would spend for a particular good or service varies widely making simple coefficient addition less tenable. To borrow an example from Nicholson assume that one has two consumers and that individuals 1's demand for oranges is

$X_1 = 10 - 2Px + .1I_1 + .5Py$ and individual 2's demand for oranges is $X_2 = 17 - Px + 0.05I_2 + .5Py$

A. Where Px = the price of oranges

B. Py is the price of grapefruits

C. I_1 is consumer 1's income

D. I_2 is consumer 2's income.

The market demand functions would be **$X1 + X2 = 27 - 3Px + .1I_1 + 0.05I_2 + Py$.**

Specifying values for I_1, I_2 and Py and substituting them into the demand equation provided:

A. **$X_1 + X_2 = 27 - 3Px + .1I_1 + 0.05I_2 + Py$.**

B. $X_1 + X_2 = 27 - 3Px + .1(40)_1 + 0.05(20)_2 + 4$

C. $X_1 + X_2 = 27 - 3Px + 4 + 1 + 4$

D. $X_1 + X_2 = 38 - 3Px$

E. If the price of grapefruits increased to 5 then the demand equation would become

***$X_1 + X_2 = 39 - 3Px$**. Graphically this change in the price of a non price determinant of demand would be reflected in a shift out of the demand curve as the x intercept changed from 38 to 39.

- Note that if an income tax was imposed that transferred 5000 from individual 1 to individual 2 then the new demand equation becomes

'$*X_1 + X_2 = 27 - 3Px + .1I_1 + 0.05I_2 + Py.$

A. $X_1 + X_2 = 27 - 3Px + .1(35) + 0.05(25) + 5.$

B. $X_1 + X_2 = 27 - 3Px + 3.5 + 1.25 + 5.$

C. $X_1 + X_2 = 27 - 3Px + 9.75$

D. $X_1 + X_2 = 36.75 - 3Px$'

The redistribution of income has reduce demand and would be reflected in a shift inward of the demand curve. Note that the assumption that each person's demand for a good is independent of everyone else's demand for the same good is a necessary assumption for aggregation. Finally one must be aware that simple addition of coefficients can produce non-sensical results over certain range of prices. That is individual demand curves may not be valid at certain prices.

As Frank notes, "Horizontal summation works as a way of generating market demand curves from individual demand curves because all consumers in the market face the same market price for the product. But when incomes differ widely from one consumer to another, it makes no sense to hold income constant and add quantities across consumers."

Price elasticity of demand (PED)

Price elasticity of demand

PED is a measure of the sensitivity of the quantity variable, Q, to changes in the price variable, P. Elasticity answers the question of the percent by which the quantity demanded will change relative to (divided by) a given percentage change in the price. For infinitesimal changes the formula for calculating PED is the absolute value of $(\partial Q/\partial P)\times(P/Q)$.

Determinants of PED

The overriding factor in determining PED is the willingness and ability of consumers after a price changes to postpone immediate consumption decisions concerning the good and to search for substitutes (wait and look).

Elasticity along linear demand curve

The slope of a linear demand curve is constant. The elasticity of demand changes continuously as one moves down the demand curve because the ratio of price to quantity continuously falls. At the point the demand curve intersects the y-axis PED is infinitely elastic, because the variable *Q* appearing in the denominator of the elasticity formula is zero there.

At the point the demand curve intersects the x-axis PED is zero, because the variable *P* appearing in the numerator of the elasticity formula is zero there.[18] At one point on the demand curve PED is unitary elastic: PED equals one. Above the point of unitary elasticity is the elastic range of the demand curve (meaning that the elasticity is greater than one). Below is the inelastic range, in which the elasticity is less than one. The decline in elasticity as one moves down the curve is due to the falling P/Q ratio.

Constant price elasticity demand

$Q = aP^c$ where a and c are parameters, and the constant price elasticity is c and $c \leq 0$.

Market structure and the demand curve

In perfectly competitive markets the demand curve, the average revenue curve, and the marginal revenue curve all coincide and are horizontal at the market-given price.[19] The demand curve is perfectly elastic and coincides with the average and marginal revenue curves. Economic actors are price-takers. Perfectly competitive firms have zero market power; that is, they have no ability to affect the terms and conditions of exchange. A perfectly competitive firm's decisions are limited to whether to produce and if so, how much. In less than perfectly competitive markets the demand curve is negatively sloped and there is a separate marginal revenue curve.

A firm in a less than perfectly competitive market is a price-setter. The firm can decide how much to produce or what price to charge. In deciding one variable the firm is necessarily determining the other variable

Inverse demand function

Inverse demand function

In its standard form a linear demand equation is Q = a - bP. That is, quantity demanded is a function of price. The inverse demand equation, or price equation, treats price as a function g of quantity demanded: P = f(Q). To compute the inverse demand equation, simply solve for P from the demand equation. For example, if the demand equation is Q = 240 - 2P then the inverse demand equation would be P = 120 - .5Q, the right side of which is the inverse demand function.

The inverse demand function is useful in deriving the total and marginal revenue functions. Total revenue equals price, P, times quantity, Q, or TR = P×Q. Multiply the inverse demand function by Q to derive the total revenue function: TR = (120 - .5Q) × Q = 120Q - $0.5Q^2$.

The marginal revenue function is the first derivative of the total revenue function; here MR = 120 - Q. Note that the MR function has the same y-intercept as the inverse demand function in this linear example; the x-intercept of the MR function is one-half the value of that of the demand function, and the slope of the MR function is twice that of the inverse demand function. This relationship holds true for all linear demand equations.

The importance of being able to quickly calculate MR is that the profit-maximizing condition for firms regardless of market structure is to produce where marginal revenue equals marginal cost (MC). To derive MC the first derivative of the total cost function is taken. For example assume cost, C, equals 420 + 60Q + Q^2. Then MC = 60 + 2Q. Equating MR to MC and solving for Q gives Q = 20. So 20 is the profit maximizing quantity: to find the profit-maximizing price simply plug the value of Q into the inverse demand equation and solve for P.

Residual demand curve

The demand curve facing a particular firm is called the residual demand curve. The residual demand curve is the market demand that is not met by other firms in the industry at a given price. The residual demand curve is the market demand curve D(p), minus the supply of other organizations, So(p): Dr(p) = D(p) - So(p)

Is the demand curve for PC firm really flat?

Practically every introductory microeconomics text describes the demand curve facing a perfectly competitive firm as being flat or horizontal. A horizontal demand curve is perfectly elastic. If there are n identical firms in the market then the elasticity of demand PED facing any one firm is

$$PED_{mi} = nPED_{m} - (n - 1)\ PES$$

where PEDm is the market elasticity of demand, PES is the elasticity of supply of each of the other firms, and (n -1) is the number of other firms.[23] This formula suggests two things. The demand curve is not perfectly elastic and if there are a large number of firms in the industry the elasticity of demand for any individual firm will be extremely high and the demand curve facing the firm will be nearly flat.

For example assume that there are 80 firms in the industry and that the demand elasticity for industry is -1.0 and the price elasticity of supply is 3.

Then

A. PEDmi = nPEDm - (n - 1) PES,
B. PEDmi = (-1) - (80 - 1) 3,
C. PEDmi = -1(80) - (79 x 3)

D. PEDmi = -80 - 237 = - 317

That is the firm PED is 317 times as elastic as the market PED.

If a firm raised its price "by one tenth of one percent demand would drop by nearly one third." if the firm raised its price by three tenths of one percent the quantity demanded would drop by nearly 100%. Three tenths of one percent marks the effective range of pricing power the firm has because any attempt to raise prices by a higher percentage will effectively reduce quantity demanded to zero.

Demand management in economics

Demand management in economics is the art or science of controlling economic or aggregate demand to avoid a recession. Such management is inspired by Keynesian macroeconomics, and Keynesian economics is sometimes referred to as demand-side economics.

Different types of goods demand

Negative demand: If the market response to a product is negative, it shows that people are not aware of the features of the service and the benefits offered. Under such circumstances, the marketing unit of a service firm has to understand the psyche of the potential buyers and find out the prime reason for the rejection of the service. For example: if passengers refuse a bus conductor's call to board the bus. The service firm has to come up with an appropriate strategy to remove the misunderstandings of the potential buyers. A strategy needs to be designed to transform the negative demand into a positive demand.

No demand: If people are unaware, have insufficient information about a service or due to the consumer's indifference this type of a demand situation could occur. The marketing unit of the firm should focus on promotional campaigns and communicating reasons for potential customers to use the firm's services. Service differentiation is one of the popular strategies used to compete in a no demand situation in the market.

Latent demand: At any given time it is impossible to have a set of services that offer total satisfaction to all the needs and wants of society. In the market there exists a gap between desirables and the available. There is always a search on for better and newer offers to fill the gap between desirability and availability.

Latent demand is a phenomenon of any economy at any given time, it should be looked upon as a business opportunity by service firms and they should orient themselves to identify and exploit such opportunities at the right time. For example a passenger traveling in an ordinary bus dreams of traveling in a luxury bus. Therefore, latent demand is nothing but the gap between desirability and availability.

Seasonal demand: Some services do not have an all year round demand, they might be required only at a certain period of time. Seasons all over the world are very diverse. Seasonal demands create many problems to service organizations, such as:- idling the capacity, fixed cost and excess expenditure on marketing and promotions. Strategies used by firms to overcome this hurdle are like - to nurture the service consumption habit of customers so as to make the demand unseasonal, or other than that firms recognize markets elsewhere in the world during the off-season period. Hence, this presents and opportunity to target different markets with the appropriate season in different parts of the world.

For example the need for Christmas cards comes around once a year. Or the, seasonal fruits in a country.

Demand patterns need to be studied in different segments of the market. Service organizations need to constantly study changing demands related to their service offerings over various time periods. They have to develop a system to chart these demand fluctuations, which helps them in predicting the demand cycles. Demands do fluctuate randomly, therefore, they should be followed on a daily, weekly or a monthly basis.

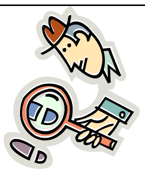
Formative assessment

Role play Activity:09	
Instructions	**Explain the factors affecting elasticity of demand?**
Method	individual Activity
Media Method	Flipchart
CCFO	DEMONSTRATING
Marks	10

Notes:

Project Group Activity:10	
Instructions	Describe the Personal Disposable Income?
CCFO	COMMUNICATING
Method	Group Activity
Media Method	Flipchart

Notes:

Research PROJECT **Activity: *11***	
Instructions	**Explain the demand function and demand equation?**
CCFO	**COLLECTING**
Method	Individual Activity
Media Method	Flipchart
Mark	*10*

Notes:

Summative assessment

Simulation ACTIVITY *12*	
Instructions	**Describe the causes of the negative slope?**
CCFO	ORGANISING
Method	Group Activity
Media Method	Flipchart
Mark	

Notes:

Essay

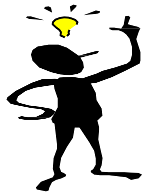
Take some time to reflect on what you have learnt in this module and assess your knowledge against the following pointers. Write down your answers. Should you not be able to complete each of these statements, go back to your notes and check on your understanding? You can also discuss the answers with a colleague.

Horizontal versus vertical summation

SECTION E: SELF REFLECTION

I enjoyed/did not enjoy this module because:

I found group work !!!



The most interesting thing I learnt was:

I feel I have gained the necessary skills and knowledge to:

Please add the following to this module:

Some comments from my classmates about my participation in class:

ADDENDUMS

The following templates are attached, and must be completed as per due dates in the Academic Calendar and the FET Academic and QA Guide for Academic Managers:

- Facilitator Evaluations completed by Learners (F/C8/A)
- Programme Evaluations completed by Learners (F/C5/B)
- Learner Query Form (F/B6/A) [Please notes, for a quicker response, complaints can also be entered in the Complaints Register at Reception

FACILITATOR EVALUATIONS COMPLETED BY LEARNERS

Name of Campus:	
Name of Programme:	
Name of Module:	
Name of Facilitator:	
Name of Learner:	
Date Completed:	

Instructions to learners:

1. Use a black or blue pen
2. Write in block letters
3. Provide relevant rating for 1 - 16
4. Where written responses are required, please provide as much information as possible
5. These surveys are treated as confidential, as general feedback is provided to the facilitator without mentioning names
6.

Please rate your facilitator, adding constructive comments. Use the following rating scale: **4 - Outstanding**
3 - Good
2 - Fair

	Areas:	**Rating:**	**Comment on what the facilitator does really well in this area:**	**How can the facilitator improve in this area? Please provide specific feedback for the facilitator**
1	The facilitator generally establishes a suitable mood for learning			
2	The facilitator motivates all learners to learn new information			
3	The facilitator explains the usefulness of the content in relation to the workplace			
4	The facilitator introduces the session, and outlines the content			

5	The facilitator clearly writes the learning objectives for each session on the whiteboard			
6	The facilitator is punctual and paces the session well, allowing time for questions			
7	The facilitator clarifies/explains new concepts			
8	The facilitator evaluates learners' understanding periodically by asking			
9	The facilitator walks around the class when we are doing group activities, assisting various			
10	The facilitator uses visual aids to make the lesson more interesting			
11	The facilitator makes eye contact with the learners			
12	The facilitator speaks loud enough for all to hear			
13	Attendance registers are signed in every session			
14	The facilitator makes our sessions interesting			
15	The facilitator is a subject matter expert			

16	Overall rating of the facilitator, and general comments:			

PROGRAMME EVALUATIONS COMPLETED BY LEARNERS

Instructions to learners:

1. Use a black or blue pen
2. Write in block letters
3. Tick the appropriate block where requested
4. Where written responses are required, please provide as much information as possible

Name of Student:			
Name of Programme:			
Full time/Part time:			
Name of Site:		**Date:**	

	A. OVERALL ASPECTS	**YES**	**NO**
1	Did you take part in an Orientation Session?		
2	Did you receive your course material on time?		
3	Were you provided with career guidance by a staff member at the beginning (e.g. Sales Consultant, Academic Manager, Facilitator)?		
4	Have you studied at other tertiary institutions before?		
5	Is this the first time you are studying?		
6	Are you enjoying the programme you have enrolled for thus far?		
	If 'Yes', please motivate:		
	If 'No', state the reasons why not:		
8	What are your highest qualifications?		
9	What are your expectations of this course?		
10	What do you hope to achieve once you have graduated?		
11	What other courses would you like to see FALCON offering?		

	B.ABOUT THE LEARNING PROGRAMME	**YES**	**NO**
1	Do you think the course material is understandable?		
2	Is your facilitator well-versed on the course?		
3	Does your facilitator introduce the lesson, and the outcomes that need to be achieved at the beginning of the session?		
4	Does your facilitator summarise the important points at the end of the lesson?		
5	Does the facilitator lecture in a manner that is easy to understand?		
6	Do you feel you can approach your facilitator to clarify the content?		
7	Are you constantly reminded by the facilitator how the knowledge you are gaining will be applied in the workplace?		
8	Do you have access to all the facilities required by the course?		
	If ‘no’, state what is required:		
9	Do you feel that you need extra learner support in order to pass?		
	If ‘yes’, please state the support required:		
10	What aspects of the programme have you enjoyed *the most* so far?		
11	What aspects of the programme have you enjoyed *the least* so far?		
12	What would you like to see **added** to this programme?		
13	List any improvements you would like to see in the **content** of the course?		

C. ASSESSMENTS

		YES	NO
1	Was an assessment briefing conducted with you at the beginning of the course in which the assessment principles, strategies, etc. were explained to you?		
2	Do you understand how your programme will be assessed (i.e. formative and summative assessments)?		
3	Has the compulsory Work Integrated Learning component been explained to you?		
4	Do you understand what is expected of you regarding the WIL component?		
This section must ONLY be completed by learners who have enrolled for FULL or SKILLs programmes (not short programmes):			
		YES	**NO**
1	Have you been issued with a Learner Portfolio of Evidence?		
2	Have you completed the Assessment Plan in your Portfolio?		
3	Have all sections in the front of your PoE (Admin Section) been completed, dated and signed by all parties?		
4	Do the activities in the PoE effectively help you to achieve the learning outcomes of the programme?		
5	Is the assessment process fair (valid)?		
6	Is the assessment process accurate?		
7	Are you placing sufficient evidence in your portfolio in order for the Assessor to reach a competency decision?		
8	Does the facilitator clearly indicate the assessment requirements and criteria before an activity?		
9	Do you know how to appeal an assessment decision?		

D.RATINGS

1. How would you rate your studying experience (facilities, receiving of course material and assessment process)?
   - ☐ Excellent
   - ☐ Very Good
   - ☐ Good
   - ☐ Average
   - ☐ Poor

2. How would you rate the facilitator’s overall delivery and knowledge of the course?
   - ☐ Excellent
   - ☐ Very Good
   - ☐ Good
   - ☐ Average
   - ☐ Poor

GENERAL COMMENTS ABOUT THE PROGRAMME:

LEARNER QUERY FORM

<table>
<tr><td colspan="6"></td></tr>
<tr><td>Date</td><td></td><td>Time</td><td></td><td>Student No.</td><td></td></tr>
<tr><td>Surname</td><td colspan="2"></td><td>First Names</td><td colspan="2"></td></tr>
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<tr><td colspan="6">OFFICE USE ONLY
(NB. Staff responsible for query must sign the Complaints Register Book/File to record receipt of query)</td></tr>
<tr><td colspan="6">Name of person responsible for query:</td></tr>
<tr><td>Date Student Contacted</td><td colspan="2"></td><td>Time Student Contacted</td><td colspan="2"></td></tr>
<tr><td colspan="6">Points to note regarding Query :</td></tr>
<tr><td colspan="3">Signature of staff:</td><td colspan="3">Signature of Reception:</td></tr>
<tr><td colspan="6">Once query is completed, this form is returned to reception for signature, and also for reception, to be
Filed in the Complaints Register.</td></tr>
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