



# **TOURISM**

**GRADE 12**

**REVISION QUESTION ANSWERS**

**TERM 2**

## **TOPIC: FOREIGN EXCHANGE**

All the answers in this document were sourced from previous DBE NSC and ECDoE provincial marking guidelines.

This document consists of 13 pages.

**TOPIC: FOREIGN EXCHANGE****NOV 2014 NSC  
QUESTION 3**

3.1 3.1.1 Euro/EUR/€ ✓ (1)

- 3.1.2 To simplify travelling and spending in neighbouring countries ✓✓
- To become a strong currency in the global market place; currency is stronger than other currencies.
  - To strengthen the regional economy
  - Eliminates fluctuation risks and exchange costs
  - Improved economic stability and growth – reduces uncertainty and encourages investment.
  - Able to compare tour prices from different tour operators across borders (2)

3.2 GBP300 x ✓15,79 ✓ = R4 737 ✓ – R1 268,34  
= R3 468,66 ✓  
**OR**  
R3 468,66 ✓✓✓✓ (4)

3.3 ZAR5 000 ÷ ✓0,11 ✓ = ¥45 454,55 ✓  
**OR**  
¥45 454,55 ✓✓✓ (3)

3.4 **NEED FOR CURRENCY**  
When tourists travel to another country, they need to exchange their local currency for the foreign currency used in that country. ✓✓ (2)

**EXCHANGE RATES**

The exchange rate is used to determine the amount a tourist should get for his/her own currency when exchanging it for another currency. ✓✓

- In foreign exchange transactions, the amount is multiplied or divided by the current exchange rate.
- The exchange rate is the value of one currency expressed in terms of another currency. (2)

**CHANGES IN VALUE**

The exchange rate changes (fluctuates) daily and is determined by trading on financial world markets. ✓✓

- Changes in the value of the exchange rate follow an upwards or downwards (strengthens and weakens) trend over an extended period of time (weeks/months/year).
- There are many factors that can effect the exchange rate, e.g. natural disasters; political instability.
- Determines the buying power. (2)

**IMPACT OF A WEAK RAND – INBOUND TOURISM**

Increase of foreign visitors to South Africa ✓✓

- Increase in tourism spending – more value for money
  - Increase in length of stay
- (2)

**IMPACT OF A WEAK RAND – OUTBOUND TOURISM**

Fewer South Africans choose to travel overseas, because the weak rand makes foreign currency expensive. ✓✓

- South African outbound tourists spend less at international destinations.
  - More South Africans will travel domestically- increase in domestic travel.
  - May lead to over pricing of local goods and services.
- (2)

**PRE-LOADED CARDS**

It is a much safer way of travelling with foreign currency than carrying foreign bank notes. ✓✓

- It is a convenient way of carrying funds to a foreign destination.
  - Assists tourists to spend within their budget.
  - A lost or stolen card can be easily replaced.
  - Tourists do not have to be concerned about exchanging their money to the currency of their destination.
- (2)

**NOV 2015 NSC****QUESTION 3**

- 3.1  $£1\ 560 \times 15,66 = R24\ 429,60$  ✓✓  
 (Using the BBR) **OR**  
 •  $R24\ 429,60$  ✓✓✓
- (3)

**ALTERNATIVE ANSWER**

- (Using the BSR)  $£1\ 560 \times 16,39 = R25\ 568,40$  ✓  
**OR**  
 •  $R25\ 568,40$  ✓✓✓

- 3.2  $R250 \div 3,55 = PEN70,42$  ✓  
 (Using the BBR) **OR**  
 •  $PEN70,42$  ✓✓✓
- (3)

**ALTERNATIVE ANSWER**

- (Using the BSR)  $R250 \div 3,90 = PEN64,10$  ✓  
**OR**  
 •  $PEN64,10$  ✓✓✓
- (3)

- 3.3 The PEN is not as strong in value when compared to the strong GBP. ✓✓  
 A South African tourist will get more value for his money in Peru and therefore have more to spend in Peru when compared to the UK and therefore have less buying power in the UK. ✓✓
- The South African will get more PEN than GBP for his/her rand; therefore he/she will be able to spend more in Peru.
  - It is cheaper to visit Peru which is a better value-for-money destination.
- (4)

**NOV 2016 NSC  
QUESTION 3**

3.1 3.1.1 (a) 2015: £6,50 (x✓) 22,55 = R (ZAR) 146,58✓

**OR**

R (ZAR) 146,58✓✓ (2)

(b) 2016: £6,50 (x✓) 24,69 = R (ZAR) 160,49✓

**OR**

R (ZAR) 160,49✓✓ (2)

3.1.2 2015✓✓ (2)

3.2 3.2.1 USD12 600 (x✓) 10,20✓ = R (ZAR) 128 520✓✓

**OR**

R (ZAR) 128 520✓✓✓✓ (4)

3.2.2 R2 750 (÷✓) 10,90✓ = USD (US\$) 252,29✓✓

**OR**

USD (US\$) 252,29✓✓✓✓ (4)

**NOV 2017 NSC  
QUESTION 3**

3.1 3.1.1 (a) R600,00 (÷✓) 13,57✓ = USD44,22✓✓

**OR**

USD44,22 ✓✓✓✓  
• \$44,22 (4)

(b) USD219,99 (x ✓) 13,25✓ = ZAR2 914,87✓✓

**OR**

ZAR2 914,87✓✓✓✓  
• R2 914,87 (4)

3.2 3.2.1 Euro✓ / €  
British Pound✓ / £  
• Great British Pound  
• Pound Sterling (2)

3.2.2 The South Africans will receive more value for money. ✓✓  
It will give the South Africans greater buying/spending power. ✓✓  
They can afford to stay longer/repeat visits at the destination and visit more attractions/activities. ✓✓  
• Europe can become a value for money destination. (6)

**NOV 2018 NSC  
QUESTION 3**

3.1 Euro ✓ (1)  
• €

3.2 3.2.1 The bank has to make a profit when it sells currencies/FOREX. ✓✓ (2)

3.2.2 Czech Republic ✓  
• Czech / Czech koruna  
Egypt ✓  
• Egyptian / Egyptian pound (2)

3.3 3.3.1  $R26\ 000 + R3\ 800 + R23\ 100 = R52\ 900$  ✓✓ (2)  
• R52 900

3.3.2  $R58\ 000 - R52\ 900 = R5\ 100$

Yes

She has not exceeded her budget ✓✓ and will have R5 100 extra. (2)

*Note: Do not award any marks for YES*

3.3.3  $R58\ 000 \div (\checkmark) 14.11 \checkmark = \text{USD } 4\ 110,56 \checkmark$

**OR**

$\text{USD } 4\ 110,56 \checkmark \checkmark \checkmark$  (3)

3.3.4  $\text{USD } 150 \times (\checkmark) 14,07 \checkmark = \text{R } 2\ 110,50 \checkmark$

**OR**

$\text{R } 2\ 110,50 \checkmark \checkmark \checkmark$  (3)

3.4 **PARAGRAPH**

**HOW A WEAK RAND CAN HELP TO ALLEVIATE POVERTY AND UNEMPLOYMENT IN SOUTH AFRICA.**

A weak rand will attract more inbound international tourists to South Africa. ✓✓ When inbound international tourists spend more in South Africa, a greater demand for tourism products and services is created. ✓✓ They will get more value for their money and therefore more spending within the local economy. ✓✓

- More international tourists will come to South Africa, they will spend more, thus alleviating poverty and reducing unemployment.
- When the rand is weak, inbound international tourists will receive more rand for their currency, giving them greater spending power in South Africa.
- An increased demand will lead to a growth in the GDP.
- More job opportunities are created.
- Improved standard of living for the people of South Africa. (6)

**Paragraph format**

Complete well-constructed sentences were used, written as a complete paragraph without bullets or numbers. ✓ (1)

**FEB-MARCH 2015 NSC  
QUESTION 3**

- 3.1 3.1.1 British Pounds ✓✓  
• Pound Sterling  
• GBP  
• 15 Pounds  
• 15 GBP (2)
- 3.1.2 GBP 15 x ✓ 15.32 ✓ (BBR)  
=ZAR 229.80 ✓ (two decimal places to indicate cents) (3)
- 3.1.3 ZAR 7 000 ÷ ✓ 9.89 ✓ (BSR)  
=USD 707.79 ✓ (rounded up correctly) (3)
- 3.2 3.2.1 R10 ✓✓ (2)
- 3.2.2 fluctuation ✓✓ (2)
- 3.2.3 (a) 29 September ✓  
• 1 October  
More than 10.10 ✓ (2)
- (b) 23 October ✓  
less than 9.75 ✓ (2)
- 3.2.4 Tourists might extend their length of stay ✓✓  
Tourists can retain their original budget and have more money at their disposal. ✓✓  
• Tourists will be able to reduce their original budget making their trip less expensive.  
• Tourists will use this opportunity to purchase more foreign currency needed for the intended journey. (4)

**FEB-MARCH 2016 NSC  
QUESTION 3**

- 3.3 3.3.1 £1 300, 00 x ✓15,66✓ = R20 358,00✓✓  
**OR**  
 R20 358,00✓✓✓✓ (4)
- 3.3.2 R550,00 ÷ ✓16,39✓ = £33,56✓✓  
**OR**  
 £33,56✓✓✓✓ (4)
- 3.3.3 The British tourists will get more value for their money. ✓✓  
 The Pound is strong in comparison to the rand. ✓✓  
 • More spending/buying power. (4)

**FEB-MARCH 2017 NSC  
QUESTION 3**

- 3.1 3.1.1 The sudden decline in the value of the rand✓✓  
 • The drop in the value of the rand.  
 • The decline in the value of the rand resulted in a decline in the economy of South Africa.  
 • It advantages inbound international tourists. (2)
- 3.1.2 The American tourist will receive more rands for his dollars.✓✓  
 • The tourist will have more spending power  
 • It will be a better value for money destination for the tourist. (2)
- 3.2 3.2.1 GBP2 800 x✓ 23.57✓ (BBR)  
 = ZAR✓/R65 996,00✓ (currency must be indicated) (4)
- 3.2.2 ZAR15 500 ÷✓ 16.50✓ (BSR)  
 = USD✓939, 39✓ (rounded off correctly) (4)

**FEB-MARCH 2018 NSC  
QUESTION 3**

- 3.1  $R610 (\div) \checkmark 17,18 \checkmark = \text{£} \checkmark 35,51 \checkmark$   
 •  $\text{£}35,51 \checkmark \checkmark \checkmark \checkmark$  (4)
- 3.2  $\text{GBP}26,35 (x) \checkmark 16,09 \checkmark = \text{R} \checkmark 423,97 \checkmark$   
 •  $\text{R}423,97 \checkmark \checkmark \checkmark \checkmark$  (4)
- 3.3 Political unrest  $\checkmark$  / instability  
 Natural disasters  $\checkmark$  / drought/water crisis  
 Negative Credit Ratings  $\checkmark$  / junk status  
 Corruption in government  $\checkmark$   
 Discovery of new/large amounts of mineral resources  $\checkmark$   
 Lack of investor confidence  $\checkmark$
- Hosting of successful global events
  - Impact of major currencies (positive and negative)
  - Interest rates
  - Acts of terrorism
  - Reshuffling of cabinet ministers
  - Economic recession
  - High crime rates
  - Positive / negative image of the country in media reporting (6)

**MAY-JUNE 2018 NSC  
QUESTION 3**

- 3.1 3.1.1 Euro  $\checkmark$  (1)  
 • EUR  
 • €
- 3.1.2 (a) 30 Euros  $\checkmark$  (1)  
 (b)  $30 (x \checkmark) (13.60 \checkmark) = \text{ZAR } 408.00 \checkmark$  (3)
- 3.2 3.2.1  $27 (x \checkmark) (16.00 \checkmark) = \text{ZAR } 432.00 \checkmark$  (3)
- 3.2.2 (a) He received more value in rand from the British tourist than the European tourist.  $\checkmark \checkmark$  (2)  
 • The amount he received in tips in euro was more than the amount in tips he received in British pounds.
- (b) The gratuities received by the waitron set the multiplier effect in motion and gives the waitron more spending power in the local community, benefitting many business and households.  $\checkmark \checkmark$  (2)



**MAY-JUNE 2019 NSC  
QUESTION 3**

- 3.1 GBP 4 000,00 ( $\times$ ✓) 18,02✓ = ZAR 72 080,00✓ (3)
- 3.2 ZAR 2 000,00 ( $\div$ ✓) 18,10✓ = GBP 110,50✓ (3)
- 3.3 Valid flight tickets✓  
• Passport (1)

**SEPT 2014 EC  
QUESTION 3**

- 3.1 3.1.1 BSR (Bank Selling Rate) ✓ (1)
- 3.1.2 R10 000  $\div$  ✓ 1,72 = ARS\$ ✓ 5 813,95 ✓ (3)
- 3.2 3.2.1 R15 000  $\div$  ✓ 10,05 = USD\$ ✓ 1 492,53 ✓ (3)
- 3.2.2 USD\$ 100  $\times$  ✓ \$ 9,73 = R ✓973,00 ✓ (3)

**SEPT 2015 EC  
QUESTION 3**

- 3.1 Dr Adams can exchange his currency at a Bureau de Change, commercial banks and at major hotels. ✓✓ (2)
- 3.2 3.2.1 ZAR15 000  $\div$  ✓ 18,18 ✓ = £825,08 ✓ (3)
- 3.2.2 ZAR35 000  $\div$  ✓ 15,00✓ = €2333,33 ✓ (3)
- 3.3 €15  $\times$  ✓ 14,39 ✓ = ZAR215,85 ✓ (3)

**SEPT 2016 EC  
QUESTION 3**

- 3.1 3.1.1 (a) They can exchange their ZAR at a commercial bank ✓✓  
 • Foreign exchange bureau (2)
- (b)  $R15\ 000 \div 16,65 = €\ 900,90$  ✓ **OR**  $€\ 900,90$  ✓✓✓ (3)
- 3.1.2  $USD/US\$150 \times 14,83 = R2\ 224,50$  ✓ **OR**  $R2\ 224,50$  ✓✓✓ (3)
- 3.1.3 The best value money destination will be the USA because Mr and Mrs Mahoney will get the most foreign currency for their ZAR if they were to visit the USA. ✓✓ (2)
- 3.1.4 The money spent during Mr and Mrs Mahoney's holiday will contribute to the local economy of the destination that they choose to visit by generating an income for tourism product owners and service providers. ✓✓  
 The multiplier effect will come into play resulting in the money that is generated filtering through to the members of the local population in the area that they visit. ✓✓  
 • Increased contribution of tourism to the GDP  
 • Job creation  
 • Reduction of unemployment  
 • Increase in foreign exchange  
 • Standards of living will be improved through money directly or indirectly earned by tourism  
 • Generation of profits (Any 2 x 2) (4)

**3.2 Inbound tourism from the USA**

Due to the increased value of the dollar in relation to the rand, South Africa will become a cheap, value for money destination for American citizens. ✓✓  
 Inbound tourism from the USA will increase as USA citizens will get more rand for their dollar. ✓✓

- Tourists visiting South Africa will have more money to spend while in the country. (Any 2 x 2)

**South African outbound tourism to the USA**

Due to the decrease in value of the rand in relation to the US dollar, fewer South Africans will be able to afford to travel to the USA. ✓✓

- Outbound tourism to the USA by South Africans will decrease. (Any 1 x 2) (6)

**SEPT 2017 EC  
QUESTION 3**

3.1 3.1.1 ZAR 15 000 ÷ ✓ 14, 46 ✓ = USD/ US\$ 1037.34 ✓ (3)

**OR**

USD/US\$ 1037.34 ✓ ✓ ✓

3.1.2 (a) ZAR 25 000 ÷ ✓ 19.34 ✓ = GBP 1292.65 ✓ (3)

**OR**

GBP 1292.65 ✓ ✓ ✓

(b) GBP 20 x ✓ 18.63 ✓ = ZAR 372.60 ✓ (3)

**OR**

ZAR 372.60 ✓ ✓ ✓

(c) Euro ✓ / € (1)

3.2 A weak rand means that inbound tourists get more rand for their foreign currency and therefore have more money to spend while in South Africa. From an inbound tourism perspective it is thus advantageous if the rand is weak. ✓ ✓ A weak rand means that South Africans get less foreign currency for their rand should they exchange their rand and therefore will have less foreign currency when they leave the country. Fewer South Africans will be able to travel and they will have less foreign currency. ✓ ✓ (2 x 2) (4)

3.3 The multiplier effect is money, spent by tourists, which filters down through the economy benefitting other organisations. ✓ ✓ This money will benefit tourism related businesses as they are the receivers of the revenue that is spent by tourists. They will, in turn have more money / income. ✓ ✓ (2 x 2) (4)

**SEPT 2018 EC  
QUESTION 3**

3.1 3.1.1  $1\,750\text{ GBP} \times \checkmark 16.62\checkmark = \text{ZAR } 29\,085.00\checkmark$

**OR**

$\text{ZAR } 29\,085.00\checkmark\checkmark\checkmark$  (3)

3.1.2 (a) The value of the currency can increase or decrease in relation to other currencies.  $\checkmark\checkmark$  (2)

(b)  $\text{ZAR } 22\,510 \div \checkmark 12.85\checkmark = \text{USD } 1\,751.75\checkmark$

**OR**

$\text{USD } 1\,751.75\checkmark\checkmark\checkmark$  (3)

(c)  $250\text{ USD} \times \checkmark 12.52\checkmark = \text{ZAR } 3\,130\checkmark$

**OR**

$\text{ZAR } 3\,130\checkmark\checkmark\checkmark$  (3)

**3.2 Tourists from the USA planning to visit South Africa**

Tourists will receive less rands in exchange for their US dollars  $\checkmark\checkmark$

- Tourists may choose another destination where they will get more value for their money
- If tourists still choose to visit South Africa, they might spend less during their visit
- They may shorten their stay
- They might have to participate in fewer activities

**South African outbound tourists**

Tourists travelling from South Africa will receive more foreign currency for every rand they exchange.  $\checkmark\checkmark$

- South Africans will be able to afford to travel
- Tourists might spend more during their visit
- They may lengthen their stay
- They might participate in more activities

**South African domestic tourists**

When the rand is strong South Africans will be in a better financial position and will therefore be able to afford to travel in South Africa  $\checkmark\checkmark$  (6)

**SEPT 2019 EC  
QUESTION 3**

3.1 3.1.1  $R20\ 000.00 \div \sqrt{18.36} = \pounds 1089.32$

**OR**

$\pounds 1089.32$  (3)

3.1.2  $R15\ 500.00 \div \sqrt{16.47} = \text{€}941.11$

**OR**

$\text{€}941.11$  (3)

3.1.3  $\text{€}25 \times 15.88 = \text{ZAR}397$

**OR**

$\text{ZAR}397$  (3)

3.2 3.2.1 (a) 2018 (1)

(b) When exchanging rand for euro in 2018 an international traveller would get less Euro for his/her Rand than in 2017 and 2016.

- In 2018 a traveller would have had to pay more Rand in exchange for one Euro than in 2016 and 2017.
- In 2018 a traveller would have paid R16.27 in exchange for one Euro while in 2017 and 2016 he/she would have paid R14.77 and R14.44 respectively.

(2)

3.2.2 A weakening rand will result in increased inbound tourism from European countries as visitors will receive more rand when exchanging their euro for rand.

- South Africa will be perceived as a cheap destination resulting in an increase in European tourists.
- Tourists from European countries will have greater buying power when visiting South Africa.
- Tourists from European countries could consider lengthening their stay in South Africa.
- Tourists from European countries could take part in more activities when in South Africa.

(4)