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91530



Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Agricultural and Horticultural Science 2023

91530 Demonstrate understanding of how market forces affect supply of and demand for New Zealand primary products

Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how market forces affect supply of and demand for New Zealand primary products.	Demonstrate in-depth understanding of how market forces affect supply of and demand for New Zealand primary products.	Demonstrate comprehensive understanding of how market forces affect supply of and demand for New Zealand primary products.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL parts of the task in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–11 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (DO NOT WRITE). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Achievement

TOTAL 04

INSTRUCTIONS

Carefully read ALL the instructions and parts before answering.

You must answer the different parts using TWO different primary products – Primary product (1) and Primary product (2).

The primary products chosen must earn significant export revenue in their processed or unprocessed form, or allow for self-sufficiency within New Zealand.

Different primary products are required for parts (a) and (b). Part (c) should be answered using the primary product used in either part (a) or part (b).

In addition, you must use THREE different market forces from the list below.

Market forces

- Political intervention
- Production cost
- Price
- Market trends
- Consumer preference
- Promotion
- Quality requirements

PLANNING

1 - political intervention - lamb

2 - consumer preference - kimchi

3 - Market trends

TASK: How market forces affect supply and demand

Name a primary product, and select a market force from the list on page 2.

Primary product (1): Lamb

Market force (1): Political Intervention.

- (a) How has your selected market force affected the **supply** of your named primary product? Use recent data to support your answer.

Political intervention largely effects ~~when~~ ~~the~~ ~~trade~~ ~~to~~ ~~with~~ New Zealand. ~~with~~ political agreements such as a Free Trade agreement can largely effect the amount of businesses that want to trade with that country. For example the free trade agreement between the UK and New Zealand has a significant impact on NZ Lamb. This is because New Zealand ~~can~~ ~~charge~~ a higher price due to keeps a higher percent of the profit as they don't have to pay tariffs. This means that lamb producers will look to export to the UK rather than sell domestically as they increase revenue. This is the opposite with tariffs and embargos which decrease producers from exporting to those countries as they would get more money from another ~~country~~ country.

Name a **different** primary product to discuss, and select a **different** market force from the list on page 2.

Primary product (2): kiwifruit

Market force (2): Consumer preference

- (b) How has your selected market force affected the **demand** for your named primary product? Use recent data to support your answer.

Consumer preference has a significant influence on the demand of a product. An example of this is the yellow and gold kiwifruit in ~~South~~ China. China is the largest importer of kiwifruit in the world due to its strong love of kiwifruit. The first type of kiwifruit that New Zealand sent to China was the original green kiwifruit which ~~was~~ they ~~extremely~~ did not like. ~~as it was~~ This led to the creation of the gold variety of kiwifruit which was an immediate hit as it is sweeter than the original. ~~The introduction of the gold kiwifruit had completely overthrown green kiwifruit.~~ The introduction of a new product that appealed towards the target market has increased the demand of the product to the point where kiwifruit is now over 30% of New Zealand's exports.

Answer this part using either primary product (1) or primary product (2).

Primary product: Lamb

Select the market force from the list on page 2 that has the most **significant impact** on **supply and demand** for your chosen primary product. It must be **different** from the market forces used in parts (a) and (b).

Market force (3): Market trends Price

- (c) Justify your selection by discussing how your selected market force impacts both the **supply of and demand for** your chosen primary product.

In your answer you should:

- use recent data
- explain the significance of this market force for supply and demand
- explain why the significance is greater than that of the market forces chosen in parts (a) and (b).

price ~~Market trends~~ impacts both supply and demand of New Zealand Lamb. An example of this for supply is when the price of lamb is low, ~~foreign~~ producers produce less and when price is high producers produce more. This is due to the producer getting more profit when selling at a higher price. When the price is low, producers will have to sell lamb in order to keep the business to survive, however they will tend to wait until the price is higher before selling ~~it all more~~.

An example for demand is that when demand is low, ~~for~~ producers will ~~increase~~ ^{decrease} the cost of the product and when demand is high, producers will ~~decrease~~ ^{increase} the price of the product.

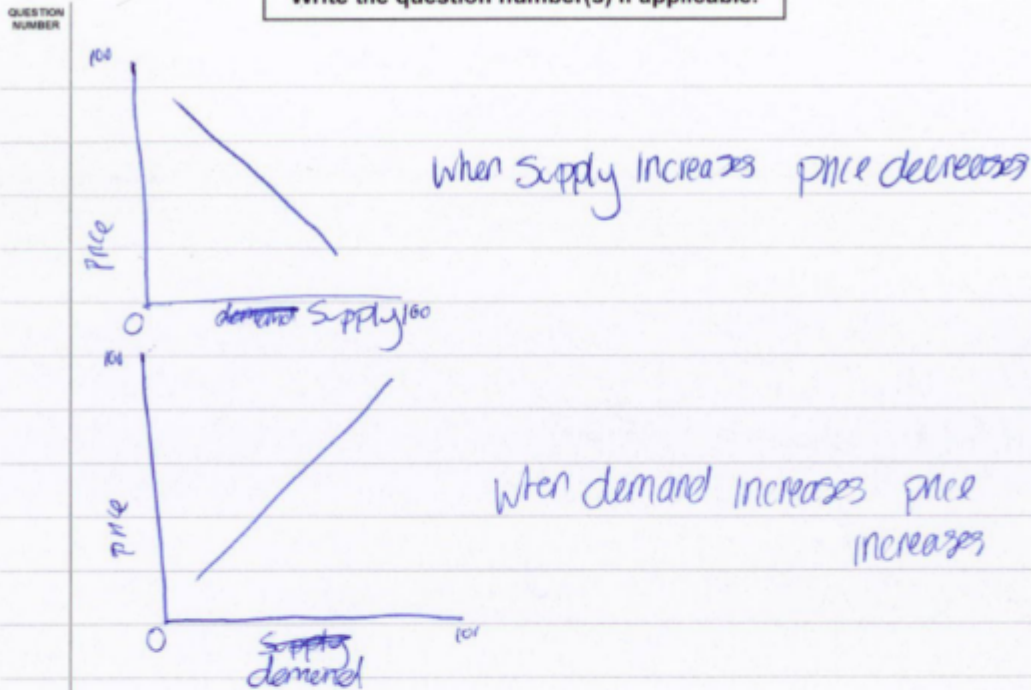
The reason why producers ~~increase~~^{decrease} the ~~supply~~^{price} when demand is low is because they want to keep the business afloat and remain profitable and to do this they need to sell their product. The reason why ~~producers~~^{producers} ~~price~~^{price} increases when demand is high is due to

When the ~~price~~^{supply} of lamb is low, price increases and when the supply is high price decreases. This is due to the laws of economics where people will pay more when the ~~price~~^{supply} is low due to the product being rarer and businesses & producers will decrease the price of their product when supply is high as they want to sell their product in order to make money. Producers will also increase the price of their product when supply is low as there is less competition in the market and they can charge a higher price while still selling their product.

When demand of lamb is low, price decreases and when demand is high price increases. This is due to producers shifting the price in order to sell the product. If the demand is low less people want to buy the product therefore the producers have to price competitively to try sell the product. When demand is high, producers can charge a higher amount as there will be consumers willing

continued →

Extra space if required.
Write the question number(s) if applicable.



→ to pay the price.

I believe that this market force is more important than consumer preference and political intervention as it has a much larger impact and all market forces revolve around price. An example of this is that if the price of lamb is too high, people from other countries would not buy the imported lamb product as it is more expensive than their own country's lamb.

Achievement

Subject: Agricultural and Horticultural Science

Standard: 91530

Total score: 04

Q	Grade score	Marker commentary
One	A4	The candidate provided a response for all parts of this assessment. They provided a link between the market force of political intervention and supply of lamb for Part A. In Part B they provided a response of how the demand has changed for kiwifruit due to consumer preference