No part of the candidate evidence in this exemplar material may be presented in an external assessment for the purpose of gaining credits towards an NCEA qualification.

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SUPERVISOR'S USE ONLY

91224



Level 2 Economics, 2015

91224 Analyse economic growth using economic concepts and models

2.00 p.m. Thursday 12 November 2015 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence		
Analyse economic growth using economic concepts and models.	Analyse economic growth in depth using economic concepts and models.	Analyse economic growth comprehensively using economic concepts and models.		

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 the questions 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.

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

TOTAL 5

ASSESSOR'S

QUESTION ONE: PRODUCTION POSSIBILITY FRONTIER

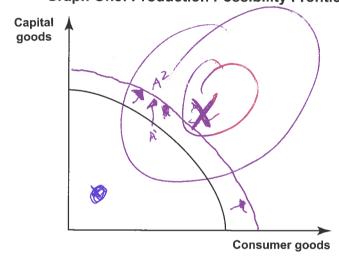
The unemployment rate, as measured by the Household Labour Force Survey (HLFS), has been trending downwards from 7.3% to 5.4% over the period September 2012 to September 2014.

Sources (adapted): http://www.parliament.nz/en-nz/parl-support/research-papers/00PLEcoRP2014011/unemployment-and-employment-statistics-the-household-labour

http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/HouseholdLabourForceSurvey_HOTPSep14qtr.aspx

(a) (i) Identify ONE point on Graph One below that represents unemployment. Label the point with an **X**.

Graph One: Production Possibility Frontier



- (ii) Explain in detail the impact of an increase in Real Gross Domestic Product (Real GDP). In your answer:
 - on Graph One show the impact of an increase in Real GDP
 - explain in detail how the increase in Real GDP will affect economic growth
 - refer to Graph One.

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Consimers Consumer and Capital goals

are boing probabled in the economy and

This graph Shows an economys potential

so more callifations and consider can be mucle

so more they will be chapter for

Consumers and more profit

is earned creating economic growth to

as shown on the graph a change

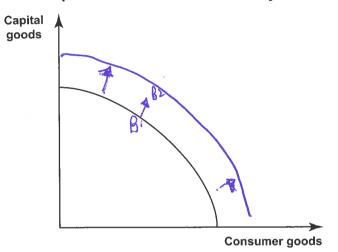
from A to A, more employed (closer to x)

(b) Compare and contrast the impact on economic growth of an increase in Real Gross Domestic Product (Real GDP) with an increase in Productive Capacity. In your answer:

- on Graph Two show the impact of an increase in Productive Capacity
- explain in detail how the increase in Productive Capacity will affect economic growth
- explain in detail the different impact on economic growth that an increase in Real GDP has when compared with an increase in Productive Capacity
- refer to Graph One and Graph Two.

ASSESSOR'S

Graph Two: Production Possibility Frontier



with an increase on a productive cure
from B: to BZ there is an increase
in amount of goods the economy can
produce. Real GDP is goods produced in
a year where as an increase in
Productive cafacity is increase of an
economics potential of where ut can produce
on graph one a shift from A' to A'
refresents an increase in goods in a
year where as graph two reproducts
an economics potential on graph two

There is more space for your answer to Question One on the following page.

ASSESSOR'S USE ONLY

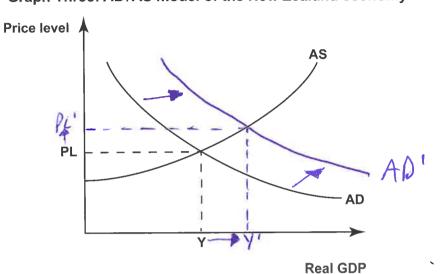
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QUESTION TWO: THE IMPACT OF CLIMATE CHANGE ON ECONOMIC GROWTH

One view of the impact of climate change on the economy is that it will provide business opportunities as households, business, and the Government increase spending on protection from its worst influences.

- Explain in detail the impact of climate change on economic growth in New Zealand. In your answer:
 - fully label on Graph Three the impact of the increase in spending on economic growth
 - explain in detail the impact that you have shown on Graph Three.

Graph Three: AD/AS model of the New Zealand economy



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QUESTION THREE: THE UNEVEN IMPACT OF ECONOMIC GROWTH

The proposed Ruataniwha Water Storage Scheme will create an 83-metre-high dam located on the upper Makaroro River in Central Hawke's Bay, where it will create a storage reservoir. The reservoir will supply water to irrigate approximately 25 000 hectares of land, primarily in the Ruataniwha Plains area of Central Hawke's Bay district. The scheme also includes a plan for a small (6.5 MW) renewable energy hydroelectric power station to be constructed adjacent to the dam (capable of supplying electricity equivalent to 2 200 average households).

 $Source\ (adapted): http://www.epa.govt.nz/Resource-management/Tukituki/lodgement-notification/about_tukituki_proposal/Pages/default.aspx$

Objections to the scheme ranged from the earthquake risk, inadequate protection of ecosystems, and existing high levels of pollution, to reduced access to water.

 $Source\ (adapted): http://www.epa.govt.nz/Resource-management/Tukituki/Submissions/Pages/Summary \% 20 and \% 20 Submissions. aspx$

Compare and contrast the impacts that the Ruataniwha Water Storage Scheme could have on the economic well-being of businesses and households. In your answer, explain in detail:

- one example of a business that may be better off
- one example of a business that may be worse off
- one example of how households may be better off
- one example of how households may be worse off.

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Question Three on the following page.

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Extra space if required. Write the question number(s) if applicable. QUESTION NUMBER Confinced aforme

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EXEMPLAR Score 05

Question 1 - N1

Q 1(a)(i) – X placed outside of frontier – this is unattainable not unemployment

Q 1(a)(ii) - curve shifted - this is new resources NOT increase in Real GDP

Explanation – no mention of increase in output. Candidate discusses potential which is incorrect in this graph.

Q1(b) – graph shift correctly

Explanation – candidate does not mention "economic growth" or how this increase in potential can lead to future growth in output.

Question 2 - A3

Q 2(a) – curve shifted and labelled correctly

Explanation – candidate only mentions increase in Government spending will lead to increase in Real GDP (not economic growth). (Achievement evidence only)

Q 2(b) - curve shifted and labelled correctly

Explanation – candidate mentions increased cost of production decreasing Real GDP but no decrease in economic growth. This must be mentioned in (a) or (b) at least once in order to get credit for both explanations.

Question 3 - N1

Business positive – who but not why – cheaper power not accepted

Business negative – businesses further away not accepted. Pollution overall not accepted without why.

Household positive – cheaper power not accepted

Household negative – earthquake could destroy home (A evidence)