

## Assessment Report

# Level 1 Economics 2017

Standards [90983](#) [90985](#) [90986](#)

### Part A: Commentary

Many candidates showed confidence with the Economics concepts examined. To earn a Merit or Excellence grade, candidates are advised to reinforce their explanations with reference to the graph and to relevant data and to link to a reason as to why this economic situation has eventuated.

### Part B: Report on standards

#### **90983: Demonstrate understanding of consumer choices, using scarcity and/or demand**

Candidates who were awarded **Achievement** commonly:

- demonstrated understanding of economic theory
- defined key terminology
- constructed accurate graphs
- could differentiate between quantity demanded and demand
- contextualised questions using the resource material.

Candidates who were assessed as **Not Achieved** commonly:

- repeated resource material in an attempt to answer the question
- incorrectly defined key economic terms
- did not attempt (all or parts of) questions.

Candidates who were awarded **Achievement with Merit** commonly:

- made specific references to and interpretations of the graph
- explained the income and/or substitution effect resulting from an increase in price
- gave a clear example of opportunity cost, using the definition in their answer
- used the resource material given to provide a full explanation.

Candidates who were awarded **Achievement with Excellence** commonly:

- explained two valid compromises
- fully explained flow on effects in the context of the question

- used and referenced fully labelled graphs in their explanations
- understood and explained the distinction between a change in quantity demanded and a change in demand.

### Standard specific comments

Many candidates missed out on a superior grade by not fully developing the flow-on effects, often only going one step beyond what has already been established as part of the question.

Candidates are encouraged to apply the context of the question in their answers, for example stating that a helicopter flight is a luxury good because it is expensive, was a common answer, but if context was applied, candidates could have also mentioned that the helicopter flight would provide better views of the glacier.

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## 90985: Demonstrate understanding of producer choices using supply

Candidates who were awarded **Achievement** commonly:

- correctly showed a movement along the supply curve
- correctly constructed the supply schedule
- defined the law of supply
- recognised dynamics at play that would increase production, productivity, and profitability
- could explain the impact of an increase in the price of a good on the supply of a related good
- used ceteris paribus in the definition of the law of supply
- often had one incorrect flow on effect
- had difficulty contextualising answers to the business in question.

Candidates who were assessed as **Not Achieved** commonly:

- did not understand related goods
- misunderstood the question
- repeated material from the resource provided without answering the question
- did not address the specific question
- stated that the supply curve shifted left but it actually shifted to the right.

Candidates who were awarded **Achievement with Merit** commonly:

- explained why producers supply more when the price rises
- explained that profitability was producers' underlying motivation
- explained how a change in the price of a related good affected the other good, and could link comparative profitability, and/or the ability to switch resources
- shifted supply curve(s) correctly
- fully explained valid flow on effects from a price increase
- demonstrated that a flow on is a decision that a producer may take as a result of an event
- linked improved profitability to an increase in supply.

Candidates who were awarded **Achievement with Excellence** commonly:

- defined key terms
- linked resource material to concepts of production, productivity, and profitability, explaining the nature of these connections
- understood the difference between factors that cause a change in quantity supplied compared to factors that cause a change in supply.

- fully explained changes in profitability by giving details about specific costs or revenue
- correctly applied the concept of ceteris paribus to the situation described in the question
- correctly explained a flow on from the change in price of a related good.

### Standard specific comments

In general, candidates had difficulty conceptualising this paper from a producer’s perspective.

Candidates should also be attempting to “explain”, rather than “state” ideas throughout the paper.

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## 90986: Demonstrate understanding of how consumer, producer and/ or government choices affect society, using market equilibrium

Candidates who were awarded **Achievement** commonly:

- drew untidy / potentially misleading / basic graphs. Clear graphing skills and labelling are required for merit grades. The arrows sometimes were too short or too long, the ends not obviously belonging to Qs or Qd.
- Could identify but not define a shortage (ie:  $Q_d > Q_s$ )
- correctly described the movement in price, quantity demanded, consumer spending correctly
- often did one question well, but only made a minimal attempt on other questions
- could not explain what needed to be done to restore equilibrium
- did not use data to support their answers or complete calculations
- confused revenue received by producers and consumer spending.

Candidates who were assessed as **Not Achieved** commonly:

- made a minimal attempt at the question(s)
- changed graphs incorrectly
- could not make accurate interpretations from the graph
- did not use the correct economic terms
- produced incomplete graphs
- often did not answer the question that was asked – often regurgitating a pre-learned answer that didn’t meet the achievement criteria.

Candidates who were awarded **Achievement with Merit** commonly:

- drew complete and accurate graphs
- explained flow on effects accurately
- explained the changes from the graph
- addressed each bullet point (often with reference to data or graph)
- applied appropriate economic terms in their explanations
- used the data provided when explaining an increase, decrease or shortage.

Candidates who were awarded **Achievement with Excellence** commonly:

- used economic terms correctly
- used ceteris paribus correctly
- applied the reasons for laws of demand and supply
- fully explained restoration of market equilibrium using the law of demand and supply
- fully explained flow-on effects of a maximum price & subsidies on society
- fully explained the impacts of a maximum price
- fully explained the impact of a subsidy on equilibrium quantity, price received by producer & producer revenue
- fully explained and linked the effect of the maximum price

- used correct data in explanations
- referred to labels in the graph in their written explanation
- generally answered questions methodically, and often this followed the layout of the question.

### **Standard specific comments**

Many candidates are familiar with 'restoring market equilibrium'. Candidates who failed to achieve higher than an M5 often lacked either a definition of a 'shortage' or a reason as to why a consumer would bid up the price (to avoid missing out).

## **Economics subject page**

### **Previous years' reports**

[2016 \(PDF, 0KB\)](#)

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