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New Zealand Qualifications Authority
Mana Tohu Matauranga O Aotearoa

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Assessment Report

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Level 1 Economics 2020

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Part A: Commentary

Graphs were poorly completed across all three papers – candidates should use arrows AND labelling where possible. Many candidates did not incorporate the labels of the shift of the demand / supply curves into their response and therefore missed a key component of the question.

Part B: Report on standards

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

Candidates who were awarded **Achievement** commonly:

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- demonstrated understanding of economic theory by defining key terms e.g., opportunity cost, law of demand, luxury goods

- constructed accurate graphs and used them to differentiate between a change in quantity demanded and a change in demand

- identified flow-on effects, without elaborating on them.

Candidates who were awarded **Not Achieved** commonly:

- could not construct an accurate demand curve from given data

- did not refer to the labels on the graphs

- did not attempt questions (or parts of questions)

- repeated the resource material without adding any economic language

- incorrectly defined key economic terms, particularly opportunity cost, and the law of demand.

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

- made specific reference to the data e.g., a decrease in quantity demanded from 15 bags to 10 bags, and specific reference to graph changes e.g., a shift from D_1 to D_2

- gave a clear example of an opportunity cost

- explained the income or substitution effect of a price increase

- used correct economics terminology (e.g., quantity demanded when price increased and demand when tastes and preferences changes).

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

- provided strong explanations of the flow-on effects

- used the resource material given to apply context to their responses

- explained the income AND substitution effect of a price increase

- gave an in-depth explanation of a conflict and compromise in terms of the values stated

Standard specific comments

- When providing a flow-on effect, candidates will improve their grade by explaining the impact beyond what has already been established by the

LIVE

question. For example, saying the price increase led to Leo decreasing consumption of reusable bags, therefore "buying less reusable bags" is not a valid flow-on effect as this has already been explained. Not being able to fit all of his groceries into the bags and therefore having to shop more often and spending more on petrol is one example of a developed explanation.

- When explaining limited means, applying the information given is required for a full explanation. For example, when explaining Leo's limited skills, a response that says "he is human and therefore can't be good at everything" ignores the context given. A stronger response recognises that Leo has only been trained in looking after rabbits and fish, and then adds that Leo does not have the ability to look after other animals such as elephants. In each case, the limited nature of the mean needs to be contrasted with the excess of wants in that area.

90985: Demonstrate understanding of producer choices using supply

Candidates who were awarded **Achievement** commonly:

- described the law of supply

- showed movement up the supply curve

- defined ceteris paribus

- could complete a supply curve from a supply schedule

- identified whether an event caused an increase or decrease in supply

- knew productivity improved as a result of technology

- knew profitability increased when productivity increased

- stated flow-on effects.

Candidates who were awarded **Not Achieved** commonly:

- did not attempt all graphs or did not complete graphs accurately

- could not distinguish between a movement along the supply curve and a shift of the supply curve

- sometimes confused concepts (e.g., ceteris paribus)

- answered from a consumer's (demand) perspective.

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

- defined productivity

- could apply the idea of related goods

- explained that the supply curve shifted as a result of change in profitability

- could describe what supply curves were showing

- could explain a flow-on effect

- used the correct terminology e.g., change in supply or a change in quantity supplied, production or productivity.

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

- elaborated on factors that affect profit

- gave relevant examples to explain ceteris paribus

- made clear links between ideas

- gave exceptionally relevant and well-explained flow-on effects

- clearly used business context

- used economic terminology with expertise.

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

Candidates who were awarded **Achievement** commonly:

- showed the market situation on the graphs

- shifted the curves the correct way which included labelling the surplus correctly (drawn carefully showing the exact size and / or the movement of the right curve in the right direction)

- showed movement within the graph though the use of labels (arrows were often lacking)

- used economic terms (e.g., increased Demand, Q_S and Q_D)

- calculated changes correctly

- described the surplus correctly in Q3

- defined key economic terms correctly (e.g., surplus / market demand).

Candidates who were awarded **Not Achieved** commonly:

- left a whole question blank / did not answer all questions

- made errors in graphing / models

- did not adequately describe concepts

- used incorrect terms (e.g., stated quantity demanded instead of demand)

- shifted curves in the wrong direction.

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

- completed graphs correctly

- used economic terminology correctly

- used verbs such as 'increase' or 'decrease' to describe a change

- could explain how a market would react to a surplus

- used data (possibly incorrectly) to back up definitions, descriptions and changes in models

- used laws of demand and supply to good effect

- gave a thorough answer for a change in price, spending, revenue etc.

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

- completed whole questions, giving full answers, linking to graphs and used data correctly

- gave detailed flow-on effects (two level answers)

- used correct data to reinforce explanations

- used economic terminology correctly

- wrote clearly and concisely

- provided reasons for laws of demand and supply (affordability / profitability)

- differentiated between short- and long-term flow-on effects for government, producers and consumers.

Standard specific comments

Some candidates drew poor graphs – often not labelling and / or drawing arrows.

Candidates need to be explicit when explaining changes to graphs – i.e.: use the terms "increase" or "decrease" (not "change"). Use the words "greater" or "less than" when describing a surplus (instead of "and" or "whereas").

Candidates need to refer to their graphs either using the data or labels, in order to provide stronger explanations.

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Previous years' reports