

Assessment Report

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Part A: Commentary

Detailed explanations were generally well written and included accurate graph references and appropriate Level 3 Economics terminology.

Some candidates appeared to have gaps in their knowledge which in many cases had a significant adverse effect on their overall performance. It is essential that candidates revise all of the specific content mentioned in the Achievement Standards and Assessment Specifications, including the explanatory notes, as they prepare for the examination. This should include material that may not have been examined in recent years.

Some otherwise strong candidates under-performed as they did not provide the detail the question required. For example, they only explained the impact on output and profit for a question that required explanations for changes in output, profit, and price.

Part B: Report on standards

91399: Demonstrate understanding of the efficiency of market equilibrium

Candidates who were awarded **Achievement** commonly:

- stated what was being shown on the graphs.
- stated definitions for key terms
- calculated some figures from the table
- identified changes in price or quantity.

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

- did not discuss price or quantity in their answers
- did not identify changes in consumer or producer surplus
- did not correctly analyse a graph.

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

- referred to graphs and tables in their answers
- identified changes in surpluses, price and quantity
- calculated some relevant figures from the graphs
- identified the elasticity of demand of a good using figures from the graph and included reasons for it.

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

- integrated the graphs and tables into their answers
- applied definitions as well as changes in surplus, price, and quantity
- calculated figures in the table from the graph, with accuracy
- discussed how equilibrium is restored in a market with accuracy and using correct terminology
- identified the elasticity of demand for a good using figures from a graph, reasons for it, and the burden.

91400: Demonstrate understanding of the efficiency of different market structures using marginal analysis

Candidates who were awarded **Achievement** commonly:

- shaded, labelled, shifted curves and identified areas correctly for most of the graphs
- included one relevant point for marginal analysis and change in profit explanations
- described at least one relevant characteristic of a perfect competition and monopoly market structure
- referred to changes in price or quantity when explaining changes in consumer surplus
- referred to deadweight loss in their allocative efficiency explanations
- included at least one relevant reason for price and profit changing in their long run explanations.

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

- made incorrect changes to graphs
- wrote irrelevant material
- did not refer to MC or MR in their marginal analysis explanations
- did not write about one of the key variables stated in the question e.g., no reference to changes in price when answering question 3(c)
- did not refer to changes in price or quantity when explaining changes in consumer surplus
- could not define the relevant economic profit
- merely listed characteristics of perfect competition and monopoly rather than explain how each of the characteristics affects the price, output and profit levels.

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

- used the terms marginal profits and marginal losses in their marginal analysis explanations
- referred to changes in price and quantity when explaining changes in consumer surplus
- referred to deadweight loss and supply and demand in their allocative efficiency explanations
- included specific graph and table references into their written explanations
- correctly defined relevant economic profits
- generally used correct economic terminology for each question
- included multiple reasons for price and profit changing in their long-run explanations
- added more detail to their explanation by stating why or how e.g., the firm is a price taker so they accept the new lower market price because they are too small to influence the market.

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

- shaded, labelled, shifted curves and identified areas correctly for all of the graphs
- integrated relevant characteristics of monopoly and perfect competition market structures
- included multiple reasons for all of their answers, including relevant definitions and correct economic terminology
- used detailed explanations to compare and contrast short- and long-run equilibriums
- used detailed explanations to compare and contrast price, output, and economic profit before and after changes in variable costs
- used detailed explanations to compare and contrast pricing alternatives for a natural monopoly.

Standard specific comments

This Achievement Standard is about using marginal analysis, yet a significant number of candidates did not refer to this concept in their answers.

91403: Demonstrate understanding of macro-economic influences on the New Zealand economy

Candidates who were awarded **Achievement** commonly:

- used correct economic terminology and models accurately
- defined economic concepts correctly
- linked the scenario to the correct AD / AS component and therefore made the correct shifts on the AS / AD model
- gave basic explanations of the changes shown on the AS / AD model
- partially explained the link between a lower OCR and the supply of OR demand for the NZD
- partially explained how scenarios would contribute to the goals of government and / or how government policies would work
- stated and used the spending multiplier to calculate the MPC
- selected and explained appropriate flows from the circular flow model
- understood that welfare spending was a transfer payment flowing from government to households
- defined the terms of trade.

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

- used economic models but made some incorrect shifts
- partially explained how economic models and concepts were impacted by the given scenario
- misinterpreted resource material
- could not link increases in AD / AS to economic indicators or goals e.g., price level, real GDP, or the recessionary gap
- incorrectly calculated the spending multiplier and / or MPC
- stated that welfare spending involved government spending on projects, such as infrastructure.

- did not understand what the terms of trade were or its relationship to export receipts and the current account
- did not refer to the models or resource material provided in each question.

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

- referenced the economic models and resource material to support their answer
- used their wide range of economic knowledge to complete detailed answers
- gave valid reasons why economic events would result in the impact suggested
- explained how a decrease in the OCR would cause changes in SNZD and / or DNZD leading to a depreciation in the NZD
- linked changes in employment to the concept of derived demand for labour
- showed their working for calculating the MPC and then used the multiplier effectively
- linked changes in export receipts and import payments to net exports and the current account balance
- provided explanations consistently but either did not compare / contrast or make a valid conclusion.

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

- understood the goals of government and how the government could work towards them
- used the context of the question throughout their answer, fully integrating the economic models and resource material
- compared and contrasted the two goals, policies, or influences and prepared a justified conclusion that discussed the strengths and weaknesses of the options
- clearly understood why three factors of AD would be positively impacted by the OCR cut and outweigh a decrease in AD caused by weakening global activity
- explained, by using the multiplier, why increases in consumption would be greater when tax cuts occurred, compared to increased welfare spending

- clearly explained that terms of trade only impacted prices of exported / imported goods, and the resulting impact on the balance of goods, AS, and AD, if quantities remained constant.

Standard specific comments

Graphs were completed accurately with good use of graphing conventions.

Many students lacked an understanding of the terms of trade and the resulting impact on net exports, the balance on goods and the current account.

Most students understood the impact of a change in the OCR on DNZD but did not explain the associated impact on SNZD.

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Previous years' reports

[2019 \(PDF, 142KB\)](#), [\(PDF, 142KB\)](#), [2018 \(PDF, 105KB\)](#), [2017 \(PDF, 51KB\)](#)