



New Zealand Qualifications Authority  
Mana Tohu Matauranga O Aotearoa

---

*Home > NCEA > Subjects > Assessment Reports > Economics - L1*

---

# Assessment Report

## Level 1 Economics 2016

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

### Part A: Commentary

Candidates should refer to graphs by using graph references such as  $D$ ,  $D_1$ ,  $P_e$ ,  $Q_e$ ,  $S$ ,  $S_1$  to show understanding, and avoid the use of generic comments such as “as seen on the previous page”.

Writing answers in context (using names and situations in their answer) rather than repeating rote-learned, generic answers is advisable.

Key economic terminology should be defined when giving an answer (regardless of whether it is specifically asked). This generally assists with developing a higher quality answer.

Candidates are encouraged to use words such as “increase” or “decrease” instead of “change” or “effect”.

Reaching a clear understanding of the difference between demand and quantity demanded / supply and quantity supplied would be helpful for all candidates.

### 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 by defining key terminology e.g. scarcity, opportunity cost, values, the law of demand
- used the resource material to provide context to some explanations

- used correct terminology to analyse a given situation, e.g. complements, inferior and luxury goods.

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

- answered the question by repeating the resource material only
- incorrectly defined key economic terms eg scarcity, opportunity cost, values, complements
- did not attempt questions (or parts of questions)
- made 'careless errors' referring to a decrease in price instead of an increase in price.

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

- explained terms in the context of the question e.g. inferior and luxury goods in the context of camping grounds and motels
- made specific reference to data (e.g. a decrease from 7 to 5 sessions attended) and specific reference to graph changes (e.g. a shift from  $D_1$  to  $D_2$ )
- fully explained a flow-on effect in the context of the question
- explained a valid compromise with an activity that combined both values.

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

- fully explained flow-on effects in the context of the question
- explained the income and substitution effect when referring to why quantity demanded decreases when price increases
- explained valid compromises with activities that combined both values
- used and referenced fully-labelled graphs in their explanations.

### Standard-specific comments

Candidates should use the context of the goods / services involved to explain the economic terminology. An answer that states that motels are a luxury good because they are expensive and high quality is a rote-learned answer that could be applied to any good. A stronger answer explains that they are a luxury because they have comfortable beds and facilities such as private bathrooms whereas campsites have communal facilities and campers need to bring their own gear.

Repeating the resource material is not sufficient to provide a full explanation. For example, explaining that the demand for trampoline sessions increases because "Dane will need to practise routines and improve his technique". A full explanation requires the candidate to add extra to show understanding, for example "for Dane to be successful in competitions, he will need to train more often in order to increase his skills and perfect his jumping style".

Many candidates were confused by the question regarding Dane's budget. Statements such as "his budget will increase" and "his budget will decrease" were incorrect. Candidates were required to recognise that Dane had a fixed level of income and that increased spending on trampoline sessions and sports drinks meant that he would have to make sacrifices in other areas of budget, e.g. less saving.

## 90985: Demonstrate understanding of producer choices using supply

Candidates who were awarded **Achievement** commonly:

- read the supply curve accurately to create a correct supply schedule
- accurately showed a movement along a supply curve due to price change
- accurately showed an increase or decrease in supply on a graph
- correctly labelled graphs
- defined terms correctly
- understood the law of supply
- made some links in their economic reasoning and analysis
- attempted to integrate economic models in their written responses
- could not discuss the link between profitability and supply

drew on resource

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

- left explanation questions unanswered
- confused related goods with substitutes or complements
- confused conditions of supply (political, legal, etc.) with conditions of demand (tastes, income, etc.)
- did not apply economic concepts to the context provided
- made few, or no links in their economic reasoning and analysis
- made few, or no attempts to integrate economic models in their written responses
- misunderstood resource material or questions.

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

- explained reasons behind economic relationships
- explained statements made (e.g. why the change in noise regulation affected productivity)
- identified the role of profitability in various scenarios
- made specific reference to graphs in their explanations
- were mostly able to correctly show shifts in supply on graphs
- fully explained flow-on effects that were specifically linked back to what had occurred in the scenario.

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

- fully explained flow-on effects that were specifically linked back to what had occurred in the scenario

- fully discussed profitability whenever appropriate, by describing impacts on revenue, costs, or the gap between revenue and cost
- understood the distinction between increase in supply and increase in quantity supplied
- understood the distinction between production and productivity
- explained ceteris paribus by using supply-specific examples
- made specific references to graphs in written explanations
- made comprehensive links, with fully developed economic reasoning and analysis.

### Standard-specific comments

Many candidates were unable to explain ceteris paribus, and why it is assumed; many simply stated it, or defined it.

Some candidates were unable to provide two correct graphs to show how an increase in the price of office furniture would affect the supply of both office furniture and dining furniture (related goods).

Some candidates attempt to strengthen their answers by calculating revenue change after a price change; however, this assumes that the entire quantity supplied is sold, which may not be the case.

---

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

Candidates who were awarded **Achievement** commonly:

- correctly labelled / identified equilibrium on graphs
- demonstrated understanding of, and applied economic terms
- stated, identified or described what has happened on the graph
- completed graphs correctly
- made a basic link or explanation (e.g.: BYOD to increase in demand)
- stated increase in revenue / consumer spending / demand.

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

- often did not attempt the written component of the question
- could not label or identify basic economic components on a graph
- confused usage of economic terms (e.g.: demand instead of quantity demanded or profit instead of revenue)
- made a significant error (e.g.: moving D curve instead of S curve in Q3)
- gave conversational answers / not using economic terms (e.g.: money or buy more).

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

- had good knowledge of relevant concepts and terminology
- completed graph work accurately

- explained an economic model (e.g. surplus as  $Q_s > Q_d$ )
- used comparative language in their answer (e.g.: quantity supplied is greater than quantity demanded, demand has increased (not changed)).
- used data to explain a surplus
- linked basic reasons to economic concepts for more than one element (e.g. BYOD would increase demand / revenue would increase because price and/or quantity had increased / supply would decrease due to decreased profitability)
- missed an element of the question
- gave reasons for changes, e.g. that producers would reduce the price to sell excess stock
- completed most calculations accurately.

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

- demonstrated ability to read a graph (and its axis labels) accurately, to complete calculations
- referred to the graph in their written answer (using  $D$  to  $D_1$  /  $S$  to  $S_1$  /  $P_e$  /  $Q_e$  etc)
- used data and/or calculations to support their answer
- used accurate, well explained terminology
- referred to, and explained laws of demand and supply accurately
- explained consumer spending as the price x quantity, with reference to the graph
- linked reasons for changes (e.g. more affordable / decreased profitability / consumers bidding up the price to make sure they don't miss out on stock).

### Standard-specific comments

Candidates who read (and answered) the question carefully / methodically, using key economic terms scored highly. These candidates often also wrote simple, precise answers in a sequential logical order.

Some candidates did not refer to price or quantity when explaining revenue and consumer spending changes.

Question 1 has followed a similar format to many previous years – yet candidates are still limiting their answers by not using data to define a surplus.

Some candidates still used pre-learned answers – even though the questions this year were quite different.

### [Economics subject page](#)

---

Copyright © New Zealand Qualifications Authority