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NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

Scholarship 2018 Economics

2.00 p.m. Monday 19 November 2018

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Scholarship Economics.

Check that this booklet has pages 2–10 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

TOURIST ACCOMMODATION IN THE INTERNET ERA

Use Resources A to D to answer Question One.

RESOURCE A

Changes in the ways people are travelling

Younger people, especially those aged 18 to 34 years, have a stronger desire to travel than their older counterparts. Younger adults are more likely to have budgeted money for annual travel than those aged 45 and over.

(From the *Hotel Executive* industry website)

RESOURCE B

New hospitality businesses

Networked hospitality businesses have emerged in recent years and, although primarily driven by economic benefits, they have brought disruptive innovations to the offer of tourist accommodation and to how visitors experience their stay in a destination.

(From an article in the *Journal of Tourism Futures*)

RESOURCE C

Online travel-booking companies

The following three companies are some of those having an impact on the online tourism accommodation market:



Airbnb is an online marketplace that lets users connect with people wanting to rent out their properties or spare rooms to tourists. Sites like Airbnb have opened up a far wider range of accommodation options for travellers beyond traditional hotels and motels.



Expedia is an online travel agency, offering users the facility to make bookings for airline tickets, hotel reservations, car rentals, cruises, vacation packages, and various attractions and services, highlighting the options available for any given location.



Trivago is a “metasearch” hotel search site that sifts through the metadata of hotel sites and other travel booking portals, aggregating the range of different prices offered so that the user can choose among them for the best hotel deal.

RESOURCE D

Social media use pre-trip

Today, information about accommodation options is available 24/7, and it's not just from the hotel or travel professionals. Past guests also share their experiences across the web with friends and networks on social media sites, and online review sites.



When researching and planning:



Source: <https://aryxe.com>.

SINGLE-USE PLASTIC BAGS

Use Resources E to K to answer Question Two.

RESOURCE E

The cost to retailers

A New Zealand supplier offers 500 plastic supermarket bags for \$18.25 (exc. GST), or 3.65 cents per bag.

RESOURCE F

Environmental impact of plastic bags

New Zealanders use around 1.6 billion single-use plastic bags every year. These bags are generally made from a non-renewable resource, usually fossil fuels.

Plastic bags are very durable and do not break down easily—they may take centuries to decompose. Their low weight and resistance to degradation—the same properties that have made plastic bags so commercially successful—have also contributed to their proliferation in the environment.



On land, plastic bags are one of the most prevalent types of litter in inhabited areas. Large buildups of plastic bags can clog drainage systems and contribute to flooding.

In the marine environment, plastic bags contribute to an estimated 100 000 marine mammal deaths per year. They are a cause of death by entanglement, and creatures such as turtles and whales have been found to eat them, having mistaken them for a regular food source. The bags are also problematic for humans as, over time in the marine environment, they degrade into microplastic and enter the food chain once they have been consumed by fish. It is estimated that if we keep polluting at the current rate, within 33 years there will be more plastic than fish in the ocean.

RESOURCE G

Options for government intervention

To reduce plastic bag consumption, some possible options include:

- Educate consumers further on the reusability and recycling of plastic bags.
- Introduce a tax or levy on plastic bags.
- Ban plastic bag use and sale by all retailers.

RESOURCE H**Whanganui group seeks ban**

A group of environmental campaigners is seeking to chalk up another first for Whanganui—the first council to ban single-use plastic bags. [REDACTED]

(From an article in the *Whanganui Chronicle*)

RESOURCE I**Mayors call for levy**

The mayors of Auckland, Wellington, and Dunedin have jointly launched an open letter to other mayors around the country to join the call on central government to institute a national levy on single-use plastic bags, or to give local councils the power to do so themselves. [A levy is a tax or charge on a good or service.]

“We have to stop dumping hundreds of millions of non-biodegradable plastic bags into landfill every year,” said Auckland Mayor Phil Goff. “We know that a small charge on single-use bags drastically changes consumer behaviour.”

Wellington Mayor Justin Lester said a levy in the UK had been a great success. “[Since] the UK brought in just a 5-pence levy [about 10 cents] in 2015, they’ve seen an 86 per cent decrease in the number of plastic bags going to landfills. This has been proven to work overseas.”

(From an article on the Auckland City Council website *OurAuckland*)

RESOURCE J**Supermarkets’ ban not enough**

The two main supermarket chains in New Zealand have now both committed to phasing out single-use plastic bags by the end of 2018. [REDACTED]

(From an article on the *RNZ News* website)

RESOURCE K**Industry groups believe education the key**

Manufacturers of plastic bags are fighting back and talking about how bans will jeopardise manufacturing jobs, eliminate consumer choice, and more.



(From the *Plastics Today* industry website)

MONETARY POLICY AND THE RESERVE BANK ACT

Use Resources L to O to answer Question Three.

RESOURCE L

Monetary policy

The Reserve Bank uses monetary policy to control inflation and keep it within a specific band. Monetary policy is encountered by ordinary New Zealanders in several ways. New Zealanders directly encounter the main instrument of monetary policy, the Official Cash Rate (OCR), when they borrow or save money with banks.

Other ways that New Zealanders encounter monetary policy are through its effect on inflation and economic activity. Since the late 1980s, monetary policy has contained inflation within narrow limits – so effectively, in fact, that we forget that just a generation ago it was thought normal to have annual price rises of 16 per cent or more.

(From the fact sheet “Explaining New Zealand’s Monetary Policy” on the RBNZ website)

RESOURCE M

Employment trade-offs

In an economy, policy changes are about trade-offs. With inflation, the trade-off can be with unemployment. High levels of inflation are undesirable. However, if inflation is reduced by choking economic growth, this will lead to a rise in unemployment.

(From the article “Monetary Policy” on the NZIER website)

RESOURCE N

Dual policies

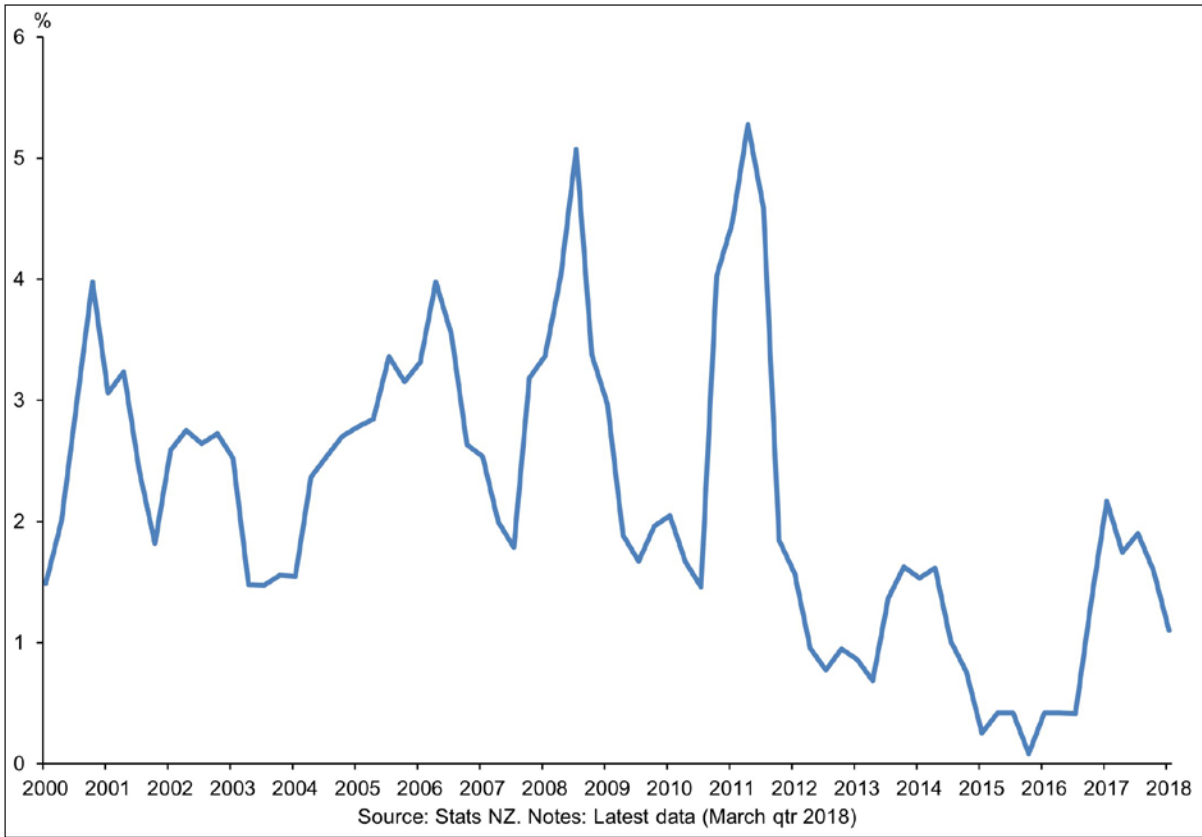
Just before the 2017 general election, the Labour Party’s finance spokesman, Grant Robertson, said, “We are not proposing the Reserve Bank be held to a specific rate of employment, but rather, that maximising employment becomes one of its objectives. We want to see all parts of our economic apparatus working towards this important goal. This is in addition to the existing, and critical, goal of managing inflation. We will keep the current target for inflation.

“This approach is not unusual. Central banks in the United States and Australia have similar dual policies. Research comparing the inflation outcomes of the US as a dual-mandate country and a range of single-mandate countries shows that over the past 15–20 years, the US performed better or as well as single-mandate countries in controlling inflation.”

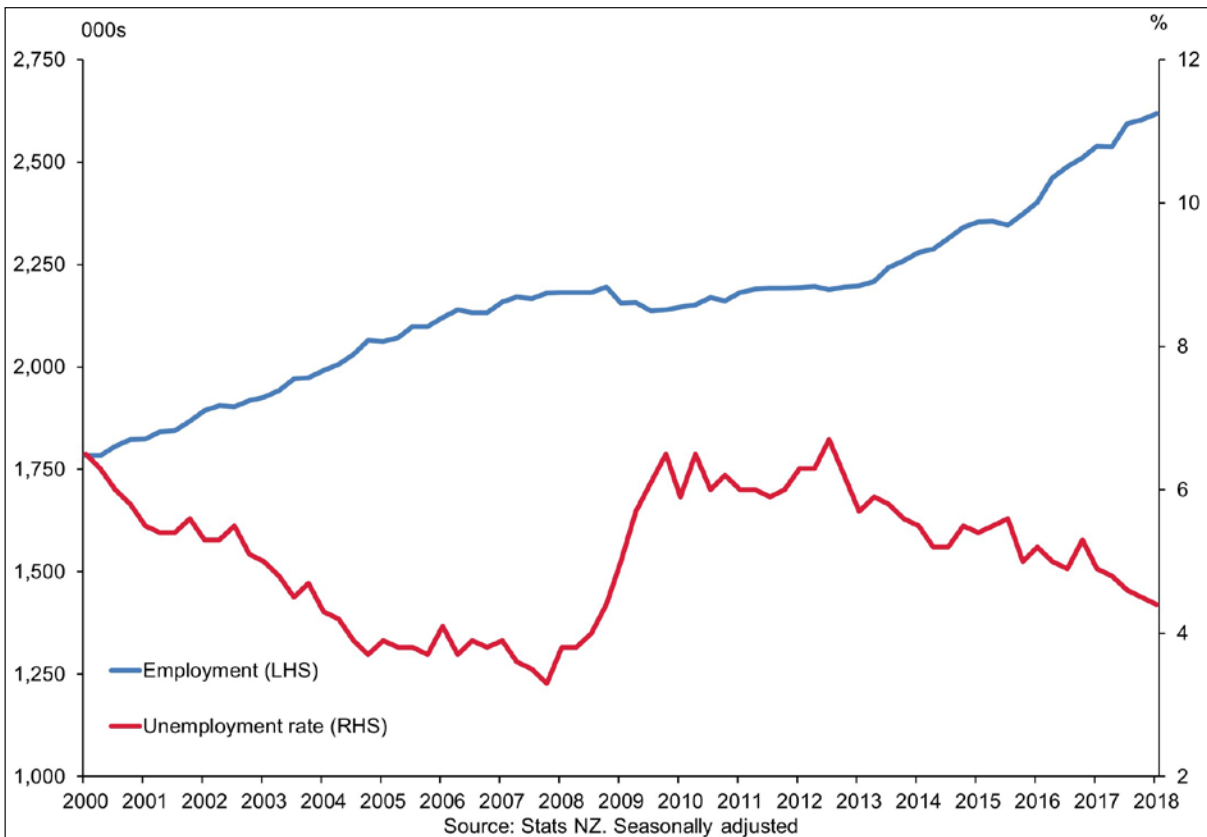
(From an article in the *New Zealand Herald*)

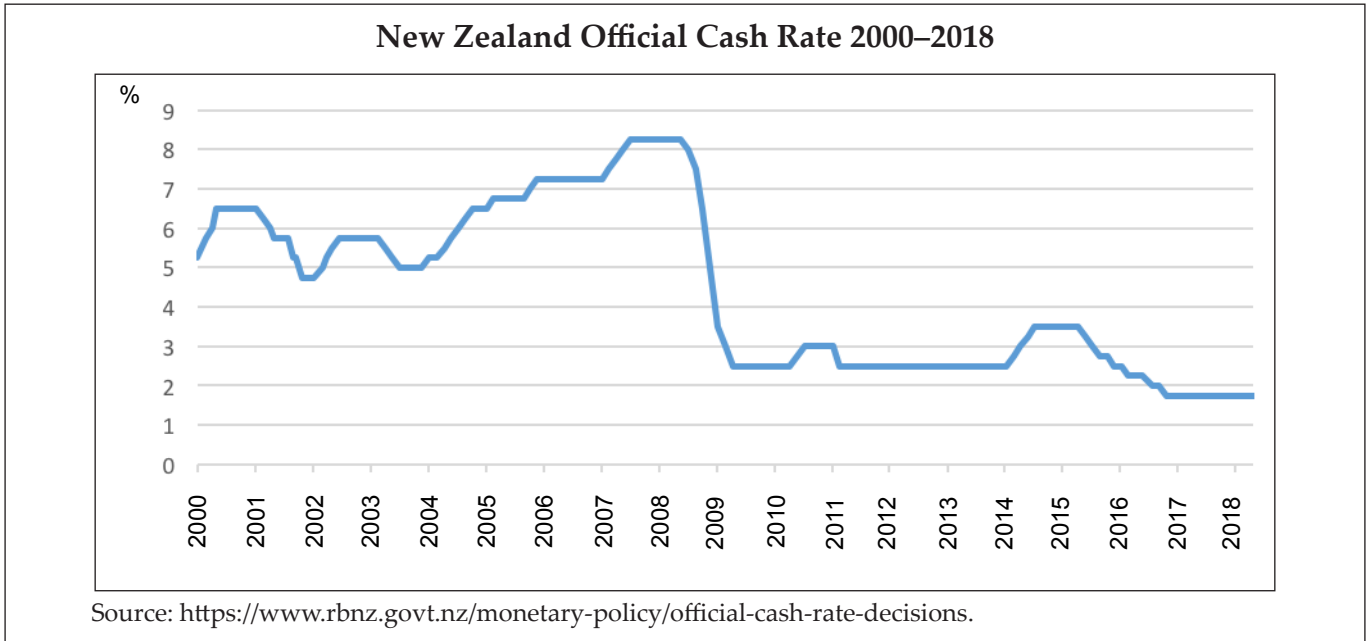
RESOURCE O

New Zealand inflation rate 2000–2018



New Zealand employment and unemployment rates 2000–2018



RESOURCE O continued

Acknowledgements

Material from the following sources has been adapted for use in this examination:

- Resource A** Susan Tinnish, “Tourism Trends Affecting Hotels”, *Hotel Executive*, 14 June 2015, http://hotelexecutive.com/business_review/4407/tourism-trends-affecting-hotels.
- Resource B** Jeroen Oskam and Albert Boswijk, “Airbnb: the future of networked hospitality businesses”, *Journal of Tourism Futures*, Volume 2, Issue 1, pp. 22–42, <https://doi.org/10.1108/JTF-11-2015-0048>.
- Resource C** https://commons.wikimedia.org/wiki/File:Airbnb_Logo_Bélo.svg.
https://commons.wikimedia.org/wiki/File:Expedia_2012_logo.svg.
<https://commons.wikimedia.org/wiki/File:Trivago.svg>.
- Resource D** <https://aryxe.com/en/blog/digital-transformation-role-social-media-hospitality-industry/>.
<https://www.revinate.com/blog/2015/01/impact-social-media-online-reputations-booking-hospitality-industry/>.
- Resource E** <https://www.officemax.co.nz/Packaging-Mailing/Bags/Plastic-Bags/Singlet-Checkout-Bags-Medium-255x155x520mm-White-Pack-of-500-2201135>.
- Resource F** https://en.wikipedia.org/wiki/Plastic_shopping_bag.
<http://www.janegoodall.org.nz/jgi-nz-campaigns/1-click-campaigns/bye-bye-plastic-bags/>.
<https://www.webstaurantstore.com/1-5-size-67-mil-white-thank-you-heavy-duty-plastic-t-shirt-bag-case/433NHT105.html>.
- Resource H** Mark Dawson, “Whanganui group want ban on single-use plastic bags”, *Wanganui Chronicle*, 19 May 2017, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11858481.
- Resource I** “Mayors call for levy on single-use plastic bags”, *OurAuckland*, 9 June 2017, <http://ourauckland.aucklandcouncil.govt.nz/articles/news/2017/06/mayors-call-for-levy-on-single-use-plastic-bags/>.
- Resource J** Jesse Chiang, “Bags not: Supermarkets’ ban just a drop in the ocean”, *RNZ*, 11 October 2017, <https://www.radionz.co.nz/news/national/341295/bags-not-supermarkets-ban-just-a-drop-in-the-ocean>.
- Resource K** Heather Caliendo, “Think plastic bag bans are only about bags? Think again”, *Plastics Today*, 17 September 2012, <https://www.plasticstoday.com/content/think-plastic-bag-bans-are-only-about-bags-think-again/89980404017946>.
- Resource L** Reserve Bank of New Zealand, “Explaining New Zealand’s monetary policy”, <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Factsheets%20and%20Guides/factsheet-explaining-new-zealands-monetary-policy.pdf>.
- Resource M** New Zealand Institute of Economic Research, “Economics Explained: Monetary Policy” (accessed 9 March 2018), <https://nzier.org.nz/about/economics-explained/monetary-policy/>.
- Resource N** Grant Robertson, “Reserve Bank will not have a specific employment target”, *New Zealand Herald*, 21 September 2017, http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11924959.
- Resource O** <https://www.rbnz.govt.nz/monetary-policy/inflation>.
<https://www.rbnz.govt.nz/statistics/key-graphs/key-graph-employment>.
<https://www.rbnz.govt.nz/monetary-policy/official-cash-rate-decisions>.

