

Achievement Standard

Subject Reference Economics 3.4

Title Demonstrate understanding of government interventions where the market fails to deliver efficient or equitable outcomes

Level 3 **Credits** 5 **Assessment** Internal

Subfield Economic Theory and Practice

Domain Economics

Status Registered **Status date** 4 December 2012

Planned review date 31 December 2020 **Date version published** 29 November 2018

This achievement standard involves demonstrating understanding of government interventions where the market fails to deliver efficient or equitable outcomes.

Achievement Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> Demonstrate understanding of government interventions where the market fails to deliver efficient or equitable outcomes. 	<ul style="list-style-type: none"> Demonstrate in-depth understanding of government interventions where the market fails to deliver efficient or equitable outcomes. 	<ul style="list-style-type: none"> Demonstrate comprehensive understanding of government interventions where the market fails to deliver efficient or equitable outcomes.

Explanatory Notes

- This achievement standard is derived from the first Level 8 Economic Achievement Objective of the Social Sciences learning area in *The New Zealand Curriculum*, Learning Media, Ministry of Education, 2007, and is related to the material in the *Teaching and Learning Guide for Economics*, Ministry of Education, at <http://seniorsecondary.tki.org.nz>.

This standard is also derived from *Te Marautanga o Aotearoa*. For details of *Te Marautanga o Aotearoa* achievement objectives to which this standard relates, see the [Papa Whakaako](#) for the relevant learning area.

2 *Demonstrate understanding of government interventions where the market fails to deliver efficient or equitable outcomes* involves:

- providing an explanation of:
 - why the market may not be delivering efficient or equitable outcomes
 - government interventions
 - the implications of the government interventions for equity and efficiency
- using an economic model(s) to support an explanation(s).

Demonstrate in-depth understanding of government interventions where the market fails to deliver efficient or equitable outcomes involves:

- providing a detailed explanation of:
 - why the market may not be delivering efficient or equitable outcomes
 - government interventions
 - the implications of the government interventions for equity and efficiency
- using an economic model(s) to support a detailed explanation(s).

Demonstrate comprehensive understanding of government interventions where the market fails to deliver efficient or equitable outcomes involves:

- using a detailed explanation to make a justified recommendation on which government intervention is better in terms of efficiency and equity
- integrating an economic model(s) into the justified recommendation.

3 Situations *where the market fails to deliver efficient or equitable outcomes* include:

- consumption externalities, production externalities, public goods, imperfect information, inequitable income and/or wealth distribution, under-provision of a merit good or service.

4 *Government interventions* refer to interventions by central or local government. For example, these may include, but are not limited to:

- subsidies, taxes, regulations, property rights, government provision (consumption externalities)
- subsidies, taxes, regulations, property rights, government provision (production externalities)
- government provision (public goods)
- regulation (imperfect information)
- progressive taxes, welfare benefits, collective provision, minimum wage (inequitable income and/or wealth distribution)
- collective provision, government grants, targeted services (under-provision of a merit good or service).

5 Conditions of Assessment related to this achievement standard can be found at <http://ncea.tki.org.nz/Resources-for-Internally-Assessed-Achievement-Standards>.

Replacement Information

This achievement standard replaced AS90631 and unit standard 5865.

Quality Assurance

- 1 Providers and Industry Training Organisations must have been granted consent to assess by NZQA before they can register credits from assessment against achievement standards.
- 2 Organisations with consent to assess and Industry Training Organisations assessing against achievement standards must engage with the moderation system that applies to those achievement standards.

Consent and Moderation Requirements (CMR) reference

0233