

90983



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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SUPERVISOR'S USE ONLY

Level 1 Economics, 2011

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

9.30 am Friday 25 November 2011

Credits: Four

| Achievement | Achievement with Merit | Achievement with Excellence |
|--|---|--|
| Demonstrate understanding of consumer choices, using scarcity and/or demand. | Demonstrate in-depth understanding of consumer choices, using scarcity and/or demand. | Demonstrate comprehensive understanding of consumer choices, using scarcity and/or demand. |

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–11 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION

TOTAL

ASSESSOR'S USE ONLY

QUESTION TWO: LAW OF DEMAND

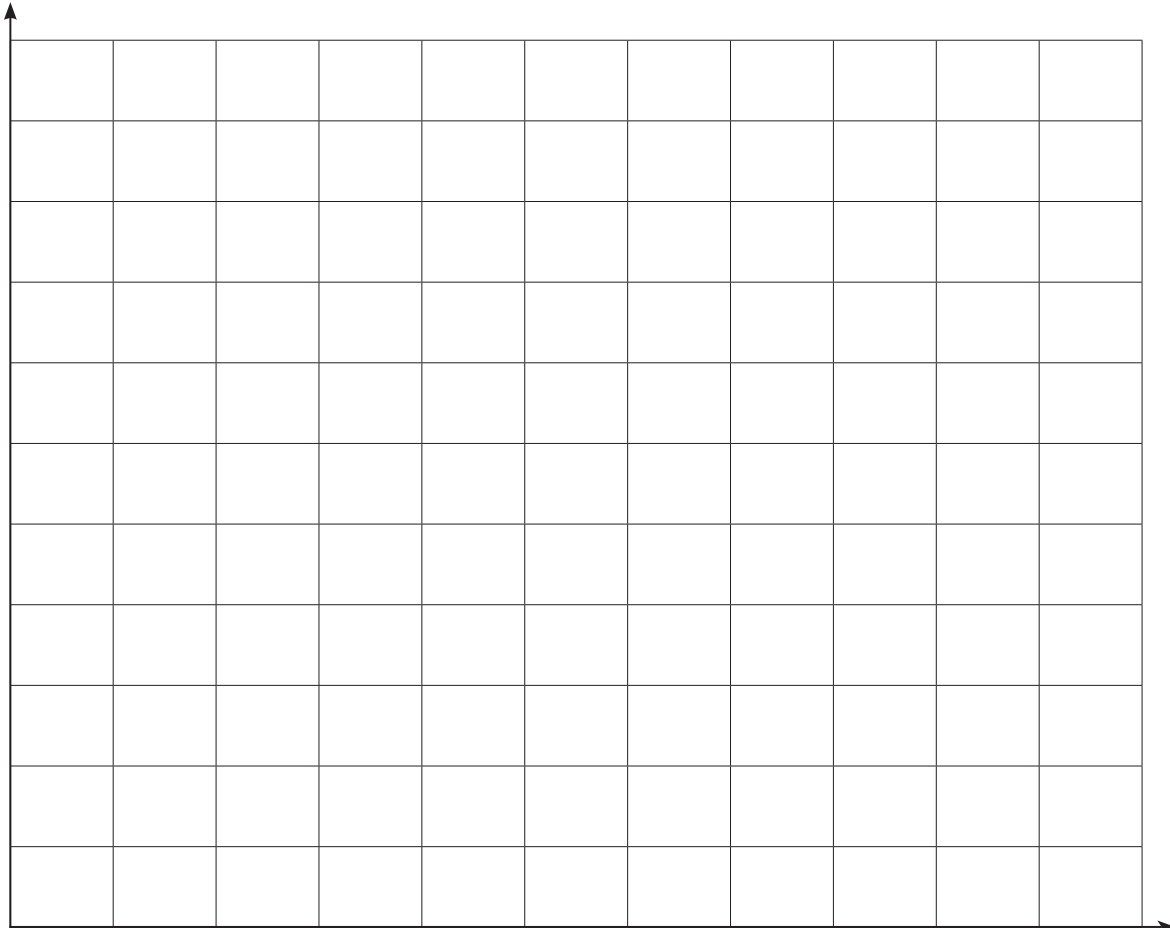
Rina's *Zumba* fitness classes run every Wednesday evening. The following is her demand schedule for *Zumba* fitness classes.

| Rina's monthly demand for <i>Zumba</i> fitness classes | |
|--|-----------------------------|
| Price per session (\$) | Number of sessions demanded |
| 5 | 10 |
| 7 | 7 |
| 9 | 5 |
| 12 | 4 |
| 20 | 2 |

Complete questions (a) to (c) to **fully explain** the law of demand in the context of Rina's demand for *Zumba* fitness classes.

- (a) Draw a fully labelled demand curve using the information from the demand schedule above.

Title: _____



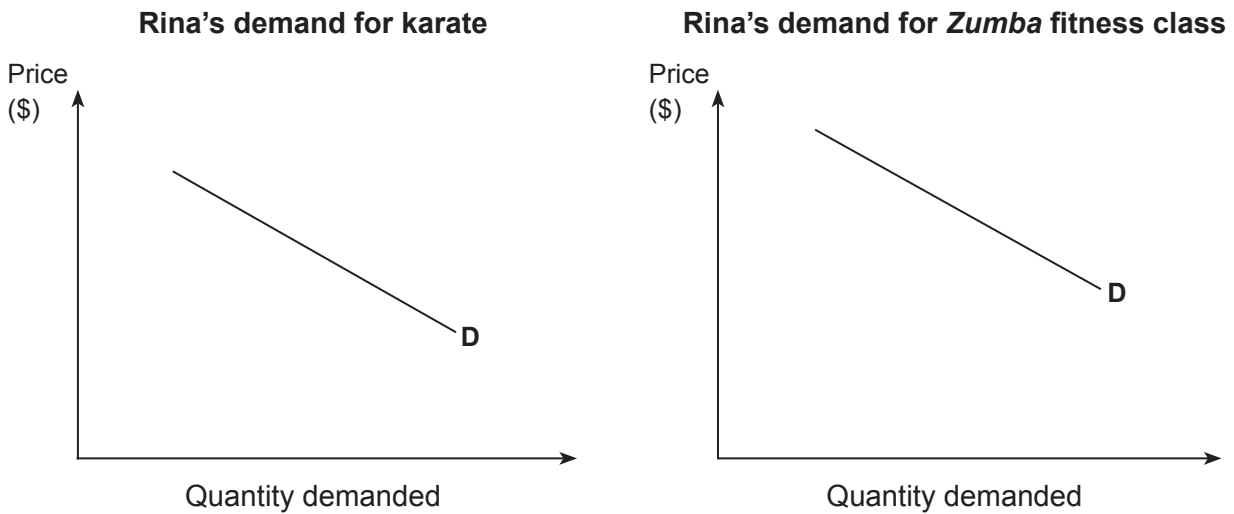
QUESTION THREE: PRICE OF OTHER GOODS AND SERVICESASSESSOR'S
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Rina's karate teacher has offered Rina cheaper karate lessons, on Wednesday night at the same time as the *Zumba* fitness classes.

Discuss how cheaper karate lessons will affect Rina's demand for *Zumba* fitness classes.

In your answer, you should:

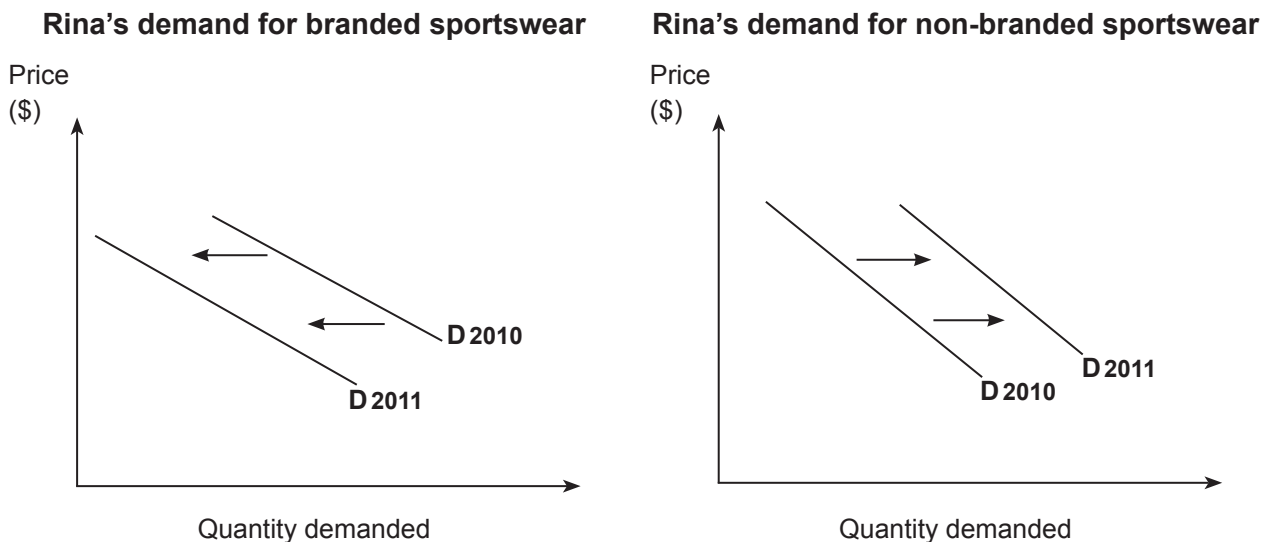
- explain the economic term that best describes the relationship between karate lessons and *Zumba* fitness classes for Rina
- show changes in the sketch graphs below, and refer to them in your explanation
- fully explain TWO flow-on effects this change in demand may have for Rina.



QUESTION FOUR: EFFECTS OF CHANGE IN INCOME

This year Rina worked part-time instead of full-time. As a result, her income in 2011 was half the amount she earned in 2010.

The following graphs show the effect this had on her spending habits.



Discuss the effect a **fall** in Rina’s income has on her demand for **branded sportswear** and **non-branded sportswear**.

In your answer you should:

- use appropriate economic terms to describe branded and non-branded sportswear for Rina
- refer to the graphs above
- fully explain TWO flow-on effects these changes in demand may have for Rina.

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