

90985



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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SUPERVISOR'S USE ONLY

Level 1 Economics, 2011

90985 Demonstrate understanding of producer choices using supply

9.30 am Friday 25 November 2011

Credits: Three

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of producer choices using supply.	Demonstrate in-depth understanding of producer choices using supply.	Demonstrate comprehensive understanding of producer choices using supply.

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 2–8 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

You are advised to spend 60 minutes answering the questions in this booklet.

QUESTION ONE: LAW OF SUPPLY

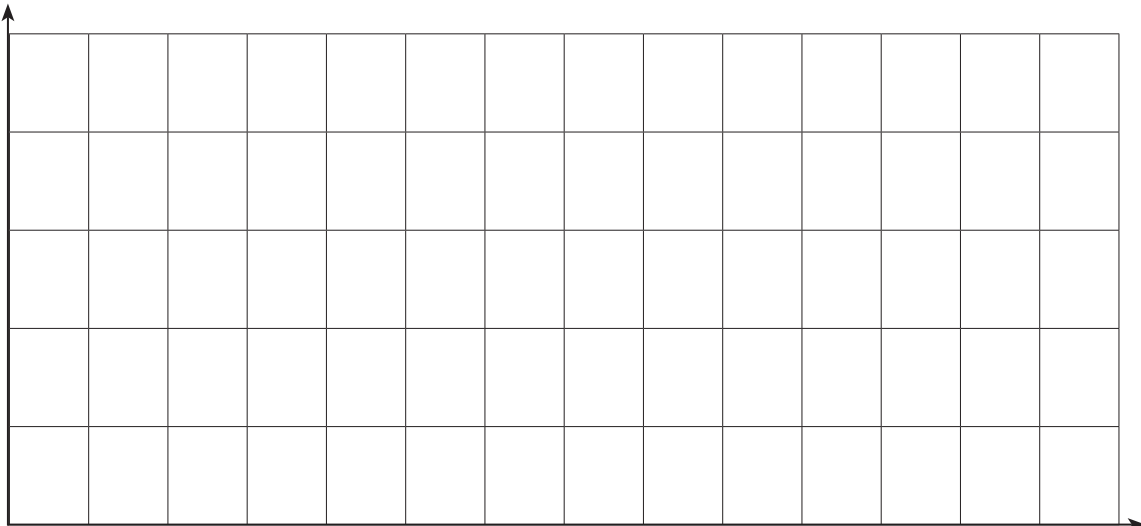
Cameron sells ginger beer at the local farmers' market. Cameron's weekly supply schedule is shown below.

Cameron's weekly supply schedule of ginger beer	
Price (\$)	Quantity supplied (bottles)
6.00	70
7.00	80
8.00	100
9.00	130

Complete (a) to (c) to **fully explain** the law of supply in the context of Cameron's business.

- (a) Using the axes provided below, draw Cameron's weekly supply curve of ginger beer. Fully label your graph.

Title: _____

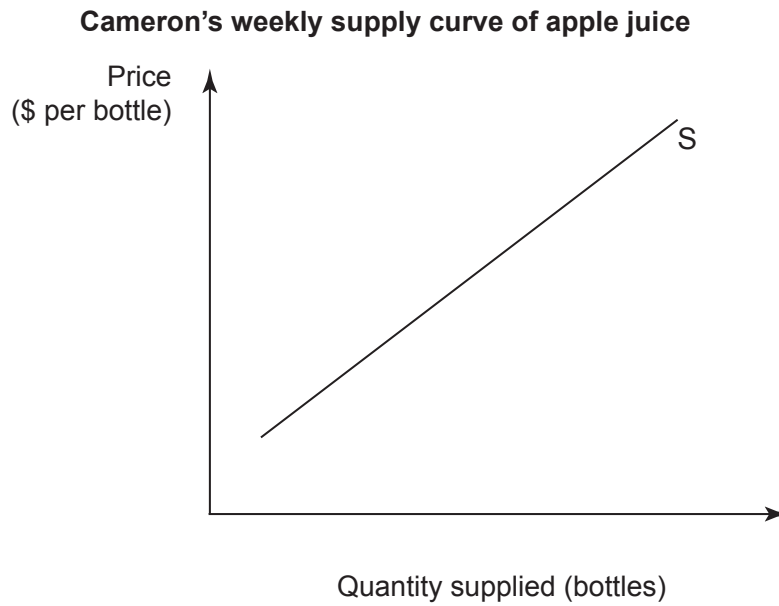


QUESTION TWO: EFFECT OF A RELATED GOODASSESSOR'S
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Cameron makes apple juice as well as ginger beer.

Complete questions (a) and (b) to **fully explain** the concept of related goods in the context of Cameron's business.

- (a) On the sketch graph below, show how a decrease in the price of ginger beer might affect Cameron's supply of **apple juice**. Fully label the changes you make on the graph.



QUESTION THREE: EXTERNAL FACTORASSESSOR'S
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In order to sell his drinks at the farmers' market, Cameron has to meet the food safety standard. This is a legal requirement. This involves, among other things, having the appropriate equipment and procedures to sterilise the bottles and put accurate information on the labels for his drinks.

Complete questions (a) and (b) to **fully explain** the effect of a legal factor on supply, in the context of Cameron's business.

- (a) On the sketch graph below, show how a legal factor such as the above might affect Cameron's supply of ginger beer at the farmers' market. Fully label the changes you make on the graph.



