

90983



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

1

SUPERVISOR'S USE ONLY

## Level 1 Economics, 2014

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

9.30 am Monday 24 November 2014

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 parts of ALL questions in this booklet.**

If you need more room for any answer, use the extra space provided at the back of this booklet.

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





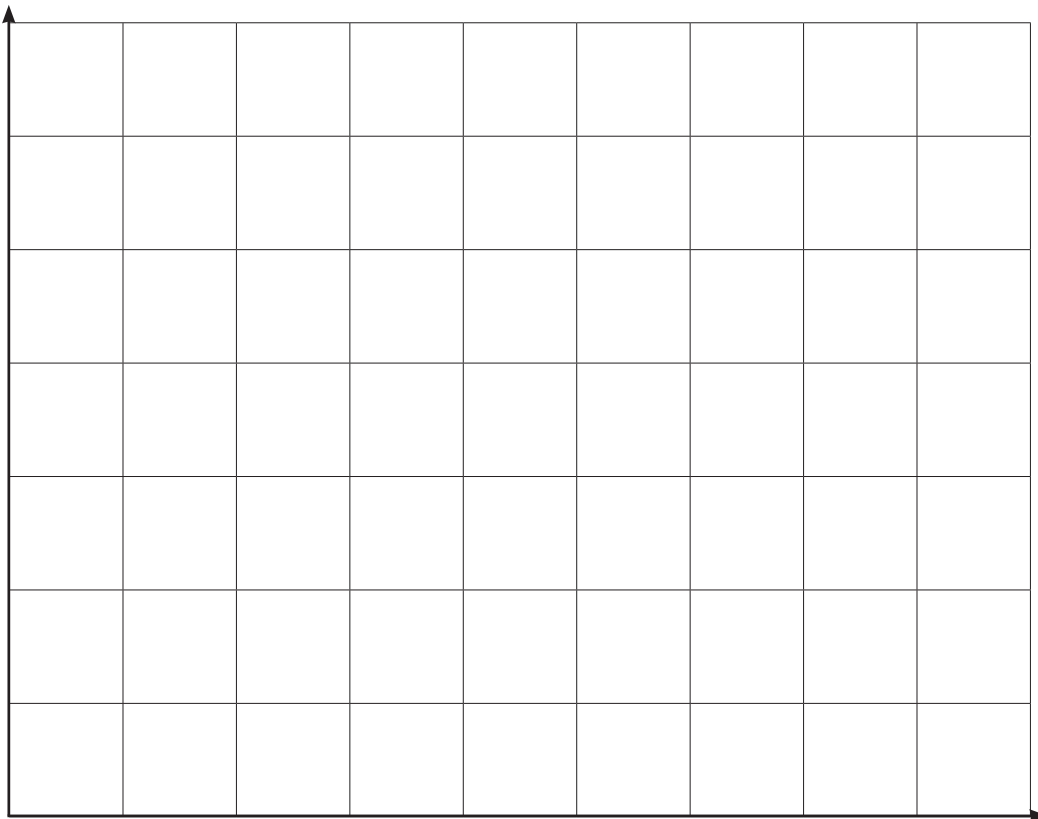
**QUESTION TWO: LAW OF DEMAND**

Ehsan's cooking lessons are every Tuesday and Thursday. The following is his demand schedule for cooking lessons.

Ehsan's monthly demand for cooking lessons	
Price (\$ per lesson)	Number of lessons demanded
5	8
10	7
15	6
25	3
30	1

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

**Title:** \_\_\_\_\_



- (b) On the graph above, show the effect of the price of cooking lessons changing from \$30 per lesson to \$25 per lesson. Fully label your changes.





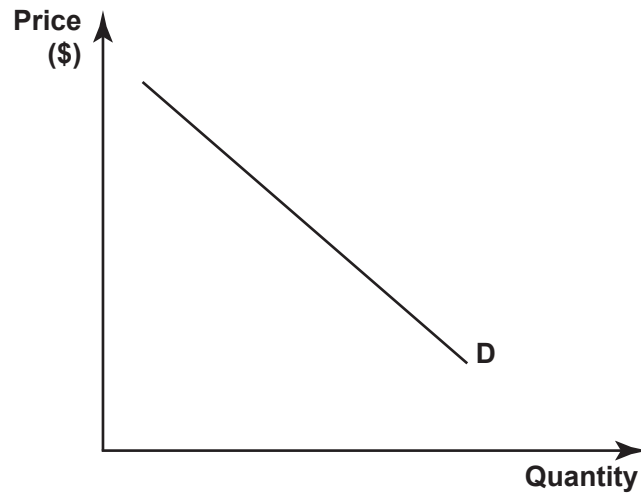


**QUESTION FOUR: CHANGES IN INCOME**

There has been a decrease in the income tax rate Ehsan has to pay on his income.

- (a) On the sketch graph below, show the effect of the decrease in income tax rate on Ehsan's monthly demand for cooking lessons. Fully label the changes you make on the graph.

**Ehsan's monthly demand for cooking lessons**











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