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90983



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
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SUPERVISOR'S USE ONLY

Level 1 Economics, 2017

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

9.30 a.m. Friday 10 November 2017
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 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 2–8 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

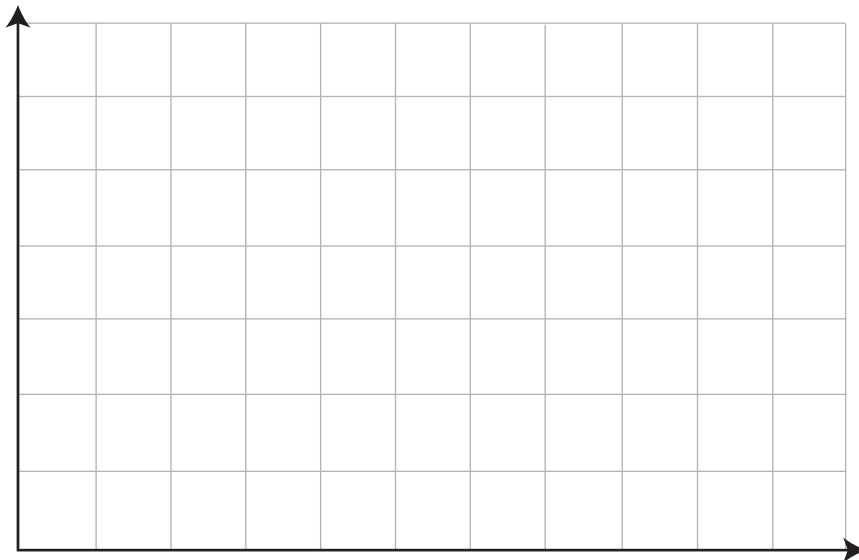
QUESTION TWO: LAW OF DEMAND

While in New Zealand, Bella plans to go snowboarding as much as she can.

Bella's demand schedule for snowboarding trips (annually)	
Price (\$)	Quantity (trips)
400	20
500	17
550	15
600	10
650	8

- (a) Use the information from the demand schedule above to draw a fully labelled demand curve.

Title: _____



- (b) On the graph above, show the impact if the price of snowboarding trips increased from \$550 to \$600. Fully label your changes.
- (c) Using the law of demand and the data from the graph or schedule above, fully explain the change in the number of snowboarding trips demanded if the price increased from \$550 to \$600.

QUESTION THREE: CHANGE IN DEMAND

While researching her trip to the South Island, Bella became interested in the Franz Josef Glacier. From her research, Bella knew that she could see the glacier by taking a helicopter flight or by doing a guided walk.



- (a) When compared to a guided walk, a helicopter flight is considered to be a luxury good for Bella. Explain why.

While Bella was on her trip, the price of helicopter flights doubled. Since Bella had such a great time bungee jumping in Queenstown, she decided to do another bungee jump instead of taking a helicopter flight.

- (b) Explain the economic relationship between bungee jumps and helicopter flights for Bella.

- (c) On the sketch graphs below, show how the increase in the price of helicopter flights affects Bella's demand for helicopter flights and demand for bungee jumps. Fully label your changes.

