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90983



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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Level 1 Economics, 2018

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

2.00 p.m. Tuesday 13 November 2018
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

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(b) Define what is meant by the term "values".

(c) State a value that Rania demonstrates when training for her triathlon.

(d) State a value that Rania demonstrates when teaching at the local swim school.

(e) As Rania's triathlon comes closer, she thinks she might need to resign from her job at the swim school in order to train after school and during weekends. Explain why this is a conflict for Rania.

(f) Rania's mum has told Rania that her school work must not drop in standard while she trains for the triathlon. Fully explain TWO possible compromises that Rania could make to resolve this conflict.

QUESTION TWO: LAW OF DEMAND

As part of her triathlon training, Rania gets group swimming lessons with her coach.

Rania's demand schedule for group swimming lessons (monthly)	
Price (\$)	Quantity (lessons)
10	16
15	12
20	8
25	4
30	2

- (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 of the price of group swimming lessons decreasing from \$20 to \$15. Fully label your changes.

QUESTION THREE: CHANGE IN NON-PRICE FACTORS**PART A**

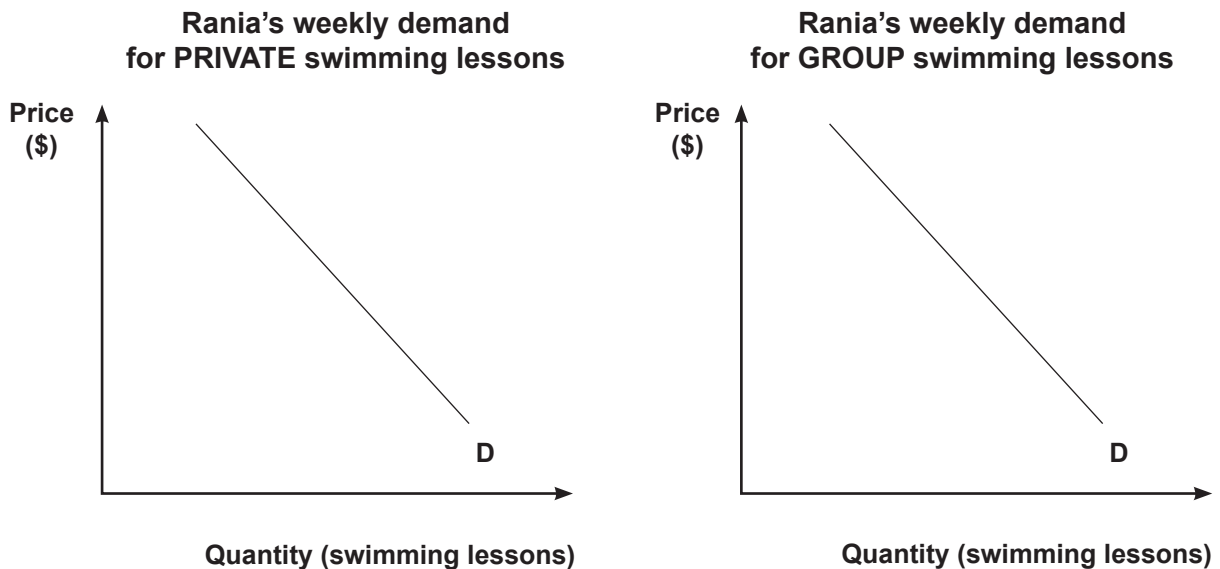
As the triathlon gets closer, Rania has decided to purchase a fitness-tracking watch, which she can use to track her fitness activity while she is training.

- (a) Explain the economic relationship between a fitness-tracking watch and swimming lessons for Rania.

After advice from her mentor, Rania has decided to get private swimming lessons instead of the group swimming lessons, so that her coach will be able to give her personalised feedback to improve her performance in the triathlon.

- (b) What is the economic term given to a good that is used instead of another good?

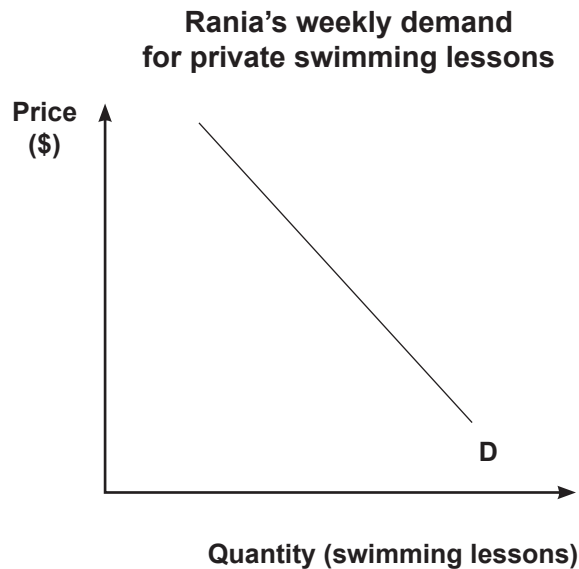
- (c) On the sketch graphs below, show the impact on Rania's weekly demand, now that she is having more private swimming lessons. Fully label your changes



PART B

Rania has been making great progress in her swimming. Because of her excellent swimming skills, she has been offered a sponsorship deal, in which she would be paid \$1 000 to wear some branded swimwear.

- (d) On the sketch graph below, show the impact of the sponsorship on Rania's demand for private swimming lessons. Fully label your changes.



- (e) Fully explain what type of good the private swimming lessons are, in relation to income.

- (f) Refer to the graph above to fully explain the effect of the change in Rania's income due to the sponsorship on her demand for private swimming lessons.

- (g) Fully explain ONE flow-on effect that the change in her demand for private swimming lessons might have for Rania.

**Extra space if required.
Write the question number(s) if applicable.**

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QUESTION
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