

# 3

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## Level 3 Agricultural and Horticultural Science, 2018

### 91530 Demonstrate understanding of how market forces affect supply of and demand for New Zealand primary products

2.00 p.m. Tuesday 27 November 2018  
Credits: Five

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how market forces affect supply of and demand for New Zealand primary products.	Demonstrate in-depth understanding of how market forces affect supply of and demand for New Zealand primary products.	Demonstrate comprehensive understanding of how market forces affect supply of and demand for New Zealand primary products.

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

Check that this booklet has pages 2–12 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

## INSTRUCTIONS

This assessment requires you to answer questions related to at least TWO distinctly different primary products. Note the following points.

1. Select your primary products and write them in the box below. **Before** doing this, however, carefully read ALL of the questions in this paper to ensure that your selection will allow you to meet ALL the requirements of the questions.
2. The primary product for your discussion of supply (Question One) **must** be different from that for your discussion of demand (Question Two).
3. At least ONE of your selected products must gain significant export earnings for New Zealand producers.

Choice of market forces affecting product **supply** for discussion in **Question One**:

- price received by the grower
- production costs
- weather events.

Choice of market forces affecting product **demand** for discussion in **Question Two**:

- exchange rate
- consumer preference
- reliability of supply.

**Question Three** asks you to discuss how sanitary and phytosanitary regulations affect the supply of, and demand for, a New Zealand primary product. This may be a product you have already used, or a different product.

### SELECTION OF PRIMARY PRODUCTS

Primary product (1) for discussion of supply: \_\_\_\_\_

Primary product (2) for discussion of demand: \_\_\_\_\_

Primary product for discussion in Question Three: \_\_\_\_\_

**Note:** In your answers, use specific examples, including recent units and values where appropriate, to help explain how market forces affect supply and demand – e.g. volume of product, typical costs, and returns to producers.

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The examination continues on the following page.**









### QUESTION THREE: Biosecurity and New Zealand's primary products

#### RESOURCE A

At the heart of the world trading system is the World Trade Organization (WTO). Tariffs and

they import to meet their own standards of safety.

Source (adapted): <https://www.mpi.govt.nz/dmsdocument/12576-balance-in-trade>.

#### RESOURCE B

The boxes below provide some examples of current or recent biosecurity issues.

##### Preventing foot-and-mouth disease

New Zealand is officially recognised as being free of foot-and-mouth disease (FMD).

Our geographical isolation and strict border controls reduce the risk of an outbreak of FMD in New Zealand.

##### Milk powder exports

In 2013, China halted imports of all milk powder from New Zealand and Australia after bacteria related to botulism were found. This raised food safety concerns and threatened New Zealand's \$9.4 billion annual dairy trade.

##### Bees as pollinators and honey-makers

The varroa bee mite affects agriculture and horticulture in two ways:

- directly, in the beekeeping sector; and
- indirectly, in sectors that benefit from honey bee pollination.

Varroa is likely to cost New Zealand at least \$400 million and possibly as much as \$900 million (in present value terms) over the next 35 years.

##### WTO win for NZ apples

In 2007, New Zealand challenged Australia's apple quarantine measures, which had prevented our apples from being exported to Australia for nearly 100 years, due to an alleged risk of fireblight.



A country's sanitary and phytosanitary regulations can become a non-tariff trade restriction for New Zealand exports of primary products.

Discuss how both the supply of, **and** demand for, a New Zealand primary product of your choice is, or could be, affected by regulations imposed in New Zealand, or in other market destinations.

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USE ONLY

**More space for this answer  
is available on the next page.**





