





NEW ZEALAND QUALIFICATIONS AUTHORITY MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD KIA NOHO TAKATŪ KI TŌ ĀMUA AO! Tick this box if you have NOT written in this booklet



# Level 2 Economics 2022

# 91224 Analyse economic growth using economic concepts and models

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Analyse economic growth using economic concepts and models.	Analyse economic growth in depth using economic concepts and models.	Analyse economic growth comprehensively using economic concepts and models.

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 2–11 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (<//>
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). This area may be cut off when the booklet is marked.

#### YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

## **QUESTION ONE:** Aggregate demand and aggregate supply



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(a) Explain the shift of both the aggregate demand curve and aggregate supply curve on Graph One, due to the increase in "shovel ready" government projects.





(b) Using the resource material above, explain the shift of both the aggregate demand curve and aggregate supply curve on Graph Two, due to the fall in temporary worker numbers from overseas since 2020.

(c) Explain why growth in the New Zealand economy may be larger due to the borders re-opening, and the number of temporary workers returning to 2020 levels, compared to the impact of "shovel ready" government projects.

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#### ESTION TWO: Production possibility frontier

- (a) On Graph Three above:
  - (i) add and label as Point B the new combination of forestry and dairy farming, if more dairy farms are converted into forestry
  - (ii) label the opportunity cost of this new combination.
- (b) Using Graph Three, explain why there is an opportunity cost of increasing forestry output.

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Efforts to cut New Zealand's carbon emissions	
and provide a higher rate of return than existing rural land uses.	
Source: (adapted) https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12350463	

- (c) Compare and contrast the positive and negative impacts on growth of rural land being used for permanent forestry instead of agricultural products. Include in your answer:
  - the impact on workers in rural New Zealand
  - the impact on future export receipts.

### **QUESTION THREE:** Impacts of economic growth



(a) Referring to the circular flow model above, explain how a successful Sleepyhead Estate project would increase growth in New Zealand.

Sector 5 Government spending

(b) Compare and contrast:

- (i) the advantages and disadvantages of the Sleepyhead Project to families, including workers, in the 1100 new homes
- (ii) the impact of the project on government revenue and expenditure.

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