

91224



Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa

New Zealand Qualifications Authority

Level 2 Economics 2024

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 2–16 in the correct order and that none of these pages is blank.

Do not write in the margins (//////). This area will be cut off when the booklet is marked.

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

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The assessment continues on the following page.**

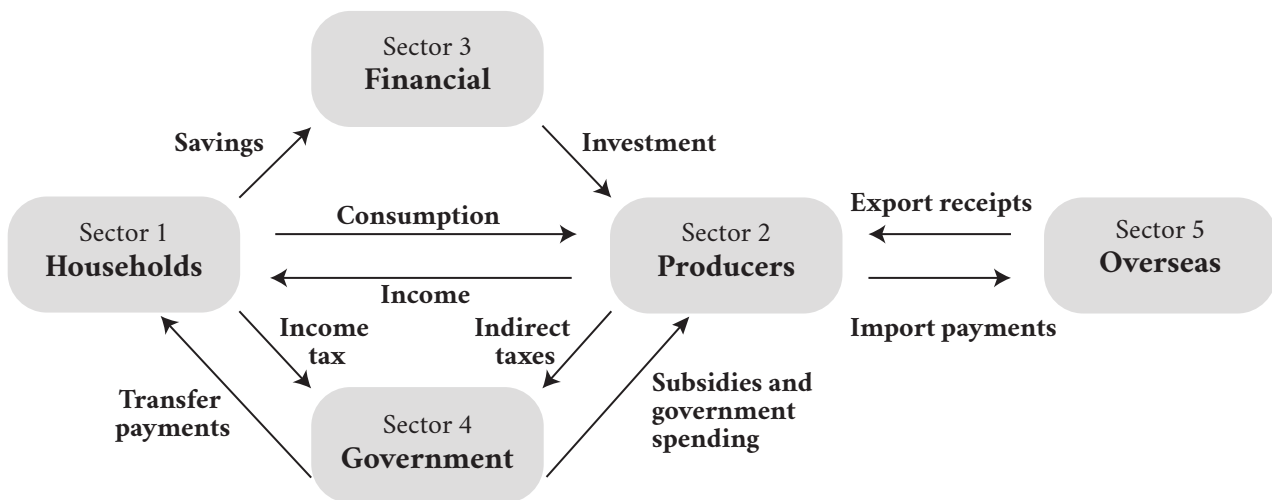
- (b) Explain one disadvantage of using real GDP to measure economic growth.

- (c) Compare and contrast the impact of opening Te Pae Christchurch Convention Centre on:

- (i) Different regional growth rates in New Zealand.

QUESTION TWO: Impacts of economic growth

Model One: Circular flow model



- (a) Referring to Model One, identify three flows that will increase due to an increase in astrotourism.

Flow 1: _____

Flow 2: _____

Flow 3: _____

- (b) Choose one of the flows identified in (a) on page 6, and explain why it will increase.

- (c) Referring to Model One, explain why an overseas tourist visiting Lake Tekapo might increase growth more than a domestic tourist.

Question Two continues on the next page ➤

- (i) Government revenue and expenditure.

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QUESTION THREE: Production possibility frontier

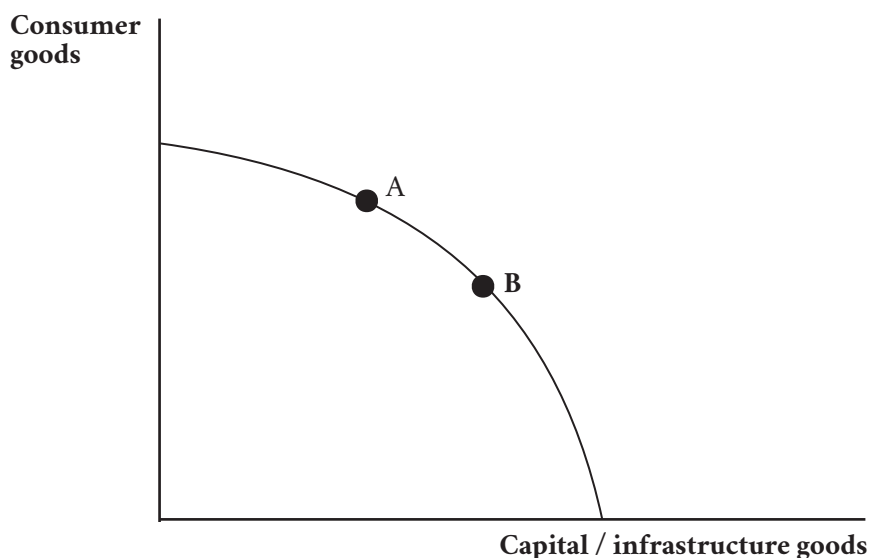
In February 2023, Cyclone Gabrielle caused extensive damage to roading, water, and farming infrastructure. As climate change is linked to more common adverse weather events, the ability of New Zealand's infrastructure to cope with these weather events has been questioned. When roads, bridges, and other infrastructure are damaged, New Zealand's productive capacity decreases.

- (a) Explain why a weather event such as a cyclone leads to lower GDP. Include a definition of GDP in your answer.

One option is for the Government to increase taxes and use the funds to spend on infrastructure projects that will help make New Zealand's infrastructure more resilient to these weather events.

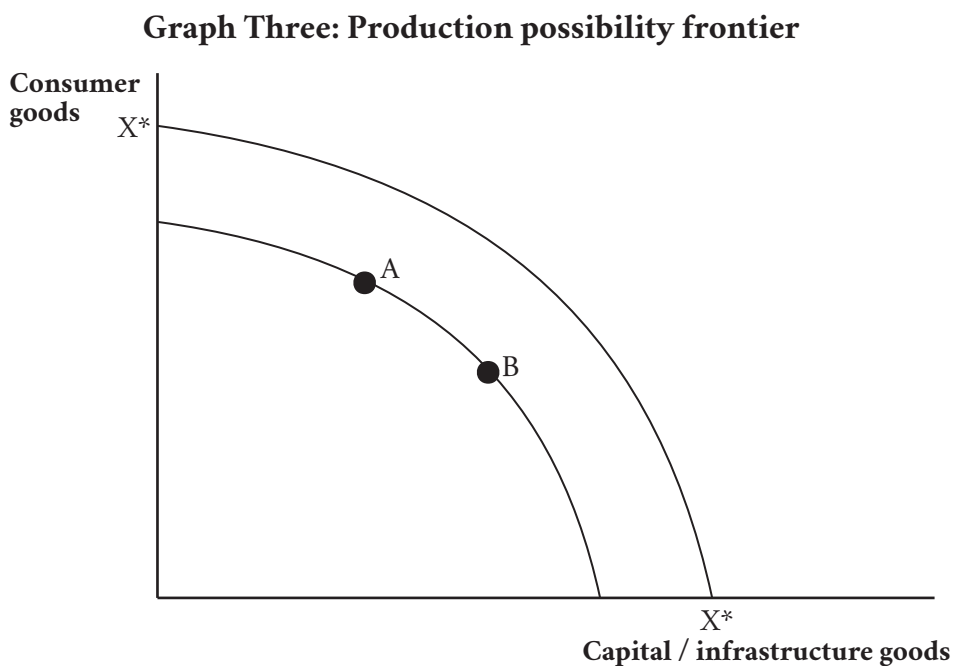
On Graph Two below, point A represents the current combination of spending on consumer goods and capital/infrastructure goods. Point B represents the combination of spending if the Government increases taxes to fund spending on infrastructure.

Graph Two: Production possibility frontier



- (b) On Graph Two on page 10, label the opportunity cost of increasing taxes to fund infrastructure spending.
- (c) Referring to Graph Two, explain why there is an opportunity cost of increasing taxes to fund infrastructure spending.

Graph Three shows a future production possibility frontier (labelled X^*) that occurs if the Government does increase taxes to pay for infrastructure spending (point B).



- (d) On Graph Three above, draw a future production possibility frontier (Y^*) that occurs if New Zealand operates at point A.

Question Three continues on the next page ➤

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QUESTION
NUMBER

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Acknowledgements

Material from the following sources has been adapted for use in this assessment:

Question One

Christchurch City Council. (n.d). *Project overview*. <https://ccc.govt.nz/the-council/future-projects/major-facilities/canterbury-arena/project-overview>

Te Pae Christchurch. (2023, July 3). *A world-class venue in the heart of the city*. The Post. <https://www.thepost.co.nz/business/350027462/world-class-venue-heart-city>

Question Two

Hearnshaw, J. (2022, October 7). *Astrotourism at a crossroads in dark skies over New Zealand*. The New Zealand Herald. <https://www.nzherald.co.nz/nz/john-hearnshaw-astrotourism-at-a-crossroads-in-dark-skies-over-new-zealand/DOM4V64QFISDDGYRBBZZHIYA3E/>

Question Three

Wilson, N.. Broadbent, A. & Kerr, J. (2023, August 14). *Cyclone Gabrielle by the numbers – A review at six months*. Public Health Communication Centre. <https://www.phcc.org.nz/briefing/cyclone-gabrielle-numbers-review-six-months>. CC-BY-4.0.