

National Certificate of Educational Achievement

2012 Assessment Report

Economics Level 1

- 90983 Demonstrate understanding of consumer choices, using scarcity and/or demand**
- 90985 Demonstrate understanding of producer choices using supply**
- 90986 Demonstrate understanding of how consumer, producer and/or government choices affect society, using market equilibrium**

COMMENTARY

Candidates were generally able to demonstrate key skills in economics such as completing a supply schedule, graphing demand, movement along and shifts of supply and demand curves.

Those who could distinguish the ideas of supply, demand, quantity supplied and quantity demanded were able to score higher grades.

Candidates on the whole filled the spaces allocated to them with explanations rather than short answers and those who linked key ideas gave better quality answers.

Answers were generally in context of the events affecting the supply or demand. Those who read and used, (but not merely copied) the material from the resource were better able to link the economic concepts with the context of the question.

Many candidates identified a number of flow-on effects, but needed to fully explain in context of the event that gave rise to the change in the first place.

STANDARD REPORTS

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

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- defined or described key economic ideas relating to scarcity and demand such as, opportunity cost, values and complements
- constructed an accurate, fully labelled demand curve with most relevant information included for a change in price
- understood how complement goods affected the demand for each other
- used correct economic terms (inferior and luxury goods) to describe the impact of a change in income on demand.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- failed to apply any of the resource material to their responses
- did not include key factors in an accurate demand curve, e.g. key word missing in the title, uneven scale, points inaccurately plotted, label for the demand curve
- used terms from other standards e.g. supply and revenue
- were unable to identify any relevant flow-on effects.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- explained terms in context of the case study
- accurately labelled the movement along the demand curve
- explained a reason for the law of demand
- clearly distinguished a movement along the demand curve from a shift of the curve
- explained how income changes demand for an inferior and luxury good
- explained a flow-on effect instead of simply stating a flow on effect.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- made accurate and complete reference to resource material
- explained logical flow-on effects for a consumer in a practical, real-life situation
- clearly linked key economic ideas when providing an explanation e.g. linking scarcity with the concepts of choice and opportunity cost
- referred explicitly to the graphs in their answers e.g. demand curve shifts from D1 to D2.

90985 Demonstrate understanding of producer choices using supply

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They commonly:

- described key ideas such as the law of Supply, costs of production and productivity
- completed a well labelled supply schedule and could show a movement along a supply curve
- identified a relationship between lamb and its related good, goats
- identified a cost of production
- illustrated the effect a rise in the cost of production and improving productivity would have on the supply curve.

NOT ACHIEVED

Candidates who were awarded Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They commonly:

- referred to demand factors rather than supply e.g. quantity demanded instead of quantity supplied, or substitute goods instead of related goods
- confused a movement along a supply curve with a shift of the supply curve
- did not complete all parts of the questions e.g. left out a flow on effect.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit commonly:

- provided detail such as prices and quantities in their answers e.g. *As the price of lambs rises from \$100 to \$140 per lamb, the quantity supplied by Woolley Farms rises from 1600 to 2200 lambs*
- explained their ideas mostly in context and mostly using economic terminology related to supply e.g. Referring to *Woolley Farms* rather than *the producer* OR using the term *profitable* rather than *affordable*
- supported their answers with valid reasons e.g. *Sally supplies more Lambs to auction as the price rises because lambs will be relatively more profitable*
- were accurate in their movement along the supply curve and shift of the supply curve (50% in question two) and labelled changes on their supply curve accurately using arrows or labels.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence commonly:

- answered consistently in context referring to events relating to *Woolley Farms*
- used appropriate economic terms e.g. *Laying off workers* or *making workers redundant* rather than “*firing workers*”
- linked ideas in a planned, logical sequence, rather than giving short answers.
- explained the valid reasons given to support an answer e.g. *Sally supplies fewer Lambs at each price because lambs will be less profitable. This is because as costs rise, the difference between revenue and costs will now be smaller.*
- integrated the graph into the answer e.g. *As lambs become less profitable, Sally will supply fewer lambs at each and every price which is shown as a shift of the whole supply curve to the left from S-S’*
- explained at least ONE valid flow-on effect in terms of the action or consequence of the increase in supply linked to the initial event, rather than just restating the initial event itself e.g. *Although the new technology will replace some workers, Sally may need to hire more farm workers to do the physical work created by the increased supply of lambs.*

90986 Demonstrate understanding of how consumer, producer and/or government choices affect society, using market equilibrium

ACHIEVEMENT

Candidates who were awarded Achievement for this standard demonstrated the required skills and knowledge. They typically:

- calculated missing data and plotted all the points for the graph correctly
- identified key situations or changes e.g. a surplus, an increase in demand, revenue would increase, a rise in price
- stated a reason for a change e.g. a reason for the decrease in supply
- shifted curves e.g. demand curve to the right
- correctly identified the new equilibrium e.g. after the two shifts
- identified a valid flow on effect.

NOT ACHIEVED

Candidates who were assessed as Not Achieved for this standard lacked some or all of the skills and knowledge required for the award of Achievement. They typically:

- lacked graphing skills (i.e. inaccurate plotting, failure to label surplus correctly)
- lacked knowledge of the market demand/supply schedule and were unable to use the appropriate figures from the question
- did not show a correct price change that would ensure equilibrium would be restored
- used incorrect terminology e.g. referred to revenue as profit, confused quantity supplied with supply
- did not understand the case study e.g. stated that society's health would improve due to increased consumption, when consumption actually decreased.

ACHIEVEMENT WITH MERIT

In addition to the skills and knowledge required for the award of Achievement, candidates who were awarded Achievement with Merit typically:

- used data in their explanations e.g. to identify the surplus, changes in consumer spending
- labelled all parts of graphs correctly (QS, QD, QE, PE, shortage, surplus)
- used the law of demand or supply to explain the restoration of equilibrium
- gave clear explanations for changes e.g. explained why supply decreases (often giving a specific example) or why the demand curve shifted to the right
- gave clear explanations as to why changes occur e.g. the reason why producers lower the price was to get rid of unwanted stock
- used appropriate economic terms
- linked ideas e.g. when explaining why kiwifruit growers' revenue increase, candidates linked price x quantity and used the information from the graph they had drawn correctly
- correctly explained one flow on effect of a maximum price e.g. black market.

ACHIEVEMENT WITH EXCELLENCE

In addition to the skills and knowledge required for the award of Achievement with Merit, candidates who were awarded Achievement with Excellence typically:

- applied both laws (demand and supply) to explain restoration of equilibrium
- used economic terms correctly when explaining the restoration of equilibrium
- linked the change in equilibrium to the extent of the shifts of demand and supply (i.e. a proportionately bigger/smaller/same shift in demand with the shift of the supply curve)
- used data to explain the effects of the combined shifts on price, equilibrium and revenue
- explained that there could be different levels of revenue dependent on the size of the shift
- fully explained and referred to their graph correctly in their explanation e.g. in the case of a price maximum, candidates explained the change in consumer spending and actual consumption (that it would decrease due to the shortage) using the data from the graph
- fully explained appropriate flow-on effects to society.