

# 2015 NCEA Assessment Report

Economics Level 3 91399, 91400, 91403

## Part A: Commentary

Comment on the overall response of candidates to 2015 examinations for all achievement standards covered by this report.

Candidates should read the entire question and make sure that their answer address the question rather than answering individual bullet points in isolation. Bullet points are design to assist with scaffolding of a concise, comprehensive answer, but they are not, by themselves the entire question.

The resource material provided needs to be read carefully as this may include relevant information and a context that needs to be incorporated into candidates' explanations.

A common issue was candidates not attempting all parts of a question, which reduced their chances of achieving higher grades. Failure to recall and apply key economic concepts such as marginal analysis and deadweight loss was also a common mistake for low-achievement candidates.

Merit and excellence candidates referred to specific labels and changes made to graphs in their explanations. They also gave detailed, and multiple reasons for their answers, such as referring to changes in price and quantity when explaining why consumer and producer surplus increased or decreased.

Failure to accurately perform a calculation or complete a sketch graph may prevent a candidate from supporting their otherwise in-depth explanations and gaining a high grade-score. Thus it is important that candidates use a ruler and a calculator in the examination and check their graphs and calculations before they complete the written tasks.

## Part B: Report on standards

### 1. Assessment Report for 91399: Demonstrate understanding of the efficiency of market equilibrium

<b>Achieved</b>	<p>Candidates who were assessed as Achieved commonly:</p> <ul style="list-style-type: none"> <li>provided some accurate information on the graphs, e.g. correctly shifted the supply curve, shaded areas of, or calculated changes in surpluses, deadweight loss and changes in tax/tariff revenue for the Government</li> <li>explained the impact on the Government by referring to the Government earning more or less revenue</li> <li>explained changes in surpluses by referring to changes in price or quantity e.g. consumer surplus rose with a subsidy because the price the consumers pay decreases and their quantity demanded increases</li> <li>explained changes in allocative efficiency by referring to deadweight loss.</li> </ul>
<b>Not Achieved</b>	<p>Candidates who were assessed as Not Achieved commonly:</p> <ul style="list-style-type: none"> <li>provided insufficient information on graphs</li> <li>could not accurately calculate areas on the graphs</li> <li>could not explain economic ideas, such as deadweight loss with sufficient accuracy</li> <li>referred generally to price or quantity, but not why surpluses changed</li> <li>defined consumer surplus and producer surplus, but not state how they changed, nor explained why they changed</li> <li>could not explain how market equilibrium is restored.</li> </ul>

<b>Achieved with Merit</b>	<p>Candidates who were assessed as Achieved with Merit commonly:</p> <ul style="list-style-type: none"> <li>explained changes to surpluses by linking to changes in price and quantity, and referring to the correct areas and values from graphs and tables</li> <li>explained loss of allocative efficiency using the net welfare loss idea and referring to the relevant areas/figures on graphs/tables</li> <li>referred to the graphs in their explanations by locating the areas of deadweight loss, changes in producer surplus and consumer surplus, government revenue and correct values/labels from tables.</li> </ul>
<b>Achieved with Excellence</b>	<p>Candidates who were assessed as Achieved with Excellence commonly:</p> <ul style="list-style-type: none"> <li>made comparisons between two policies, and between the various participants in the market</li> <li>made comparisons between elastic and inelastic demand by applying the concept of elasticity, and the effect of a price change on quantity demanded in their justification of the effectiveness of the subsidy</li> <li>explained loss of allocative efficiency using the net welfare loss idea by referring to loss/gain of surpluses by all parties concerned (e.g. consumer surplus, producer surplus and government revenue/cost) and integrating data from the graphs/tables.</li> </ul>
<b>Standard specific comments</b>	<p><a href="#">Click here to enter comment.</a></p>

## 2. Assessment Report for 91400: Demonstrate understanding of the efficiency of different market structures using marginal analysis

<b>Achieved</b>	<p>Candidates who were assessed as Achieved commonly:</p> <ul style="list-style-type: none"> <li>drew accurate graphs and notated them correctly using graphing conventions</li> <li>stated basic economic definitions and theory, and used correct Economic language</li> <li>correctly used relevant features of different market structures</li> <li>applied marginal analysis to determine profit maximisation where <math>MC=MR</math></li> <li>identified appropriate profit situations on graphs.</li> </ul>
<b>Not Achieved</b>	<p>Candidates who were assessed as Not Achieved commonly:</p> <ul style="list-style-type: none"> <li>did not use marginal analysis in explanations</li> <li>made significant and frequent graphing errors and did not take necessary care in plotting, shading or labelling</li> <li>used incorrect terminology such as ‘high’ barriers rather than ‘strong’ barriers for monopoly markets</li> <li>did not read the questions carefully, and often gave irrelevant rote-learned responses</li> <li>listed features of different market structures, without relevant application</li> <li>confused allocative efficiency with profit maximisation.</li> </ul>
<b>Achieved with Merit</b>	<p>Candidates who were assessed as Achieved with Merit commonly:</p> <ul style="list-style-type: none"> <li>demonstrated a sound knowledge of marginal analysis</li> <li>gave detailed explanations incorporating all aspects of a question</li> <li>used formula to add depth to responses, for example, <math>TR &lt; TC</math> for subnormal profit</li> <li>accurately applied theory to the given context</li> <li>made relevant reference to graphs</li> <li>correctly used and illustrated market features</li> <li>recognised that allocative efficiency avoids a deadweight loss and maximises net surpluses.</li> </ul>

<b>Achieved with Excellence</b>	<p>Candidates who were assessed as Achieved with Excellence commonly:</p> <ul style="list-style-type: none"> <li>• applied responses to the given context or firm</li> <li>• integrated graphs within responses</li> <li>• made accurate comparisons between given situations</li> <li>• developed each response to incorporate detailed ideas, and fully explain the consequences of an action or lack of action.</li> </ul>
<b>Standard specific comments</b>	<p>Many candidates failed to correctly recall and apply the marginal analysis and profit maximisation concepts. The title of the standard refers specifically to marginal analysis. The quality and accuracy of graphs was generally poor. Use of rulers would have improved candidates' standard of graphing.</p>

### 3. Assessment Report for 91403: Demonstrate understanding of macro-economic influences on the New Zealand economy

<b>Achieved</b>	<p>Candidates who were assessed as Achieved commonly:</p> <ul style="list-style-type: none"> <li>• explained the impact of macro-economic influences on different sectors of the New Zealand economy and/or macro-economic goals of government</li> <li>• understood the relationship between changes in the Resource Management Act (RMA), costs of production and the AS curve, and was able to use this knowledge to shift the AS curve appropriately and to briefly explain the change and its impact on economic growth and/or full employment</li> <li>• used the resource material to calculate the change in GDP using the spending multiplier</li> <li>• identified phases of the business cycle on the model and explained the impact of these phases on price levels.</li> </ul>
<b>Not Achieved</b>	<p>Candidates who were assessed as Not Achieved commonly:</p> <ul style="list-style-type: none"> <li>• misinterpreted the resource material leading to an incorrect shift in the AD/AS model and continued this incorrect interpretation into their explanation of the effect of the RMA reform</li> <li>• exhibited little knowledge of the elements of the current account and role of export receipts and import payments in determining its balance</li> <li>• exhibited no understanding of the spending multiplier or the idea of re-spending</li> <li>• failed to link correct economic ideas with the effects on the economic variables or models required, particularly in Question 2</li> <li>• wrote very general explanations about the macro-economic variables involved without addressing the question asked.</li> </ul>
<b>Achieved with Merit</b>	<p>Candidates who were assessed as Achieved with Merit commonly:</p> <ul style="list-style-type: none"> <li>• explained in detail, the impact of macro-economic influences on different sectors of the New Zealand economy and/or macro-economic goals of government</li> <li>• used the AD/AS model and other relevant economic ideas such as productivity to explain in detail the impact of the reform of the RMA on economic growth or full employment</li> <li>• correctly calculated the change in GDP using the spending multiplier and used the idea of re-spending to explain in detail how the multiplier effect works</li> <li>• recognised and explained in detail the characteristics of a recession or a recovery and their impact on the overall price level</li> <li>• referred to relevant economic models or concepts in explanations.</li> </ul>
<b>Achieved with Excellence</b>	<p>Candidates who were assessed as Achieved with Excellence commonly:</p> <ul style="list-style-type: none"> <li>• thoroughly and accurately integrated economic models and concepts into their answers</li> <li>• provided detailed, accurate and logical answers consistently across all questions.</li> </ul>

**Standard specific comments**

Many candidates failed to give valid and detailed reasons when explaining the impact of a change in an economic factor on a macro-economic goal.