

# Assessment Report

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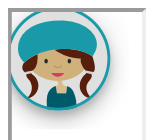
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Standards [91399](#) [91400](#) [91403](#)

### Part A: Commentary

The overall level of detailed explanations was pleasing with high-performing candidates giving multiple reasons in their answers, incorporating relevant definitions, and integrating specific graph references. Some Merit candidates missed out on Excellence due to not covering all these aspects in their written explanations. For example, in 91400, if candidates are required to explain how marginal cost pricing impacts the consumers, that means the effect on consumer surplus needs to be explained, as do the changes to price and quantity, linking to the definition of consumer surplus. The explanation needs to be done with specific referencing to the price and quantity changes and / or consumer surplus shadings / labels or values.

Writing irrelevant material continues to be an issue for some candidates. Questions and instructions need to be read properly. Often, this can mean turning to earlier pages for graph / data referencing.



# Part B: Report on standards

## 91399: Demonstrate understanding of the efficiency of market equilibrium

### Examinations

The examination included three scaffolded questions. Candidates were required to attempt all questions for the best opportunity to demonstrate their comprehensive understanding of the efficiency of market equilibrium. The questions assessed the models and concepts specified in the 2021 Assessment Specifications, which included the supply and demand model for the goods and / or services markets, and the concept of elasticity.

The examination required candidates to analyse the impact of a change in a market on efficiency by comparing and contrasting the different impacts on various participants (i.e. consumer, producer, and the Government) in that market. It required candidates to integrate economic models into their written explanations.

### Observations

Reference to graphs in answers is vital to achieving at a Merit and Excellence level. While many candidates wrote detailed explanations, not referring to graphs prevented many of them reaching a Merit or Excellence grade.

Common errors that many candidates made were not identifying if there was an increase or decrease in consumer surplus and producer surplus, and not mentioning if there was an increase or decrease in the price and quantity.

### Grade awarding

Candidates who were awarded **Achievement** commonly:

- correctly shaded, labelled, or identified areas for most of the graphs
- correctly calculated most of the values of change in producer surplus and consumer surplus, and deadweight loss
- referred to changes in price or quantity affecting producer surplus or consumer surplus without including the definitions
- stated the impact of the interventions on producer surplus, consumer surplus, and allocative efficiency without including graph references in their written

explanations.

Candidates whose work was assessed as **Not Achieved** commonly:

- incorrectly calculated or identified changes in producer surplus or consumer surplus and deadweight loss on a graph
- did not define producer surplus or consumer surplus
- did not refer to changes in price or quantity
- did not show an understanding of allocative efficiency by linking to deadweight loss or by providing a definition.

Candidates who were awarded **Achievement with Merit** commonly:

- gave multiple reasons, such as price and quantity changes, to explain impacts on consumers, producers, and allocative efficiency
- referred to correct economic definitions to support their explanation of changes in producer surplus and consumer surplus
- explained allocative efficiency in detail by identifying deadweight loss and using the concepts of offsetting gains against losses in terms of net welfare
- used some graph references in their written explanations.

Candidates who were awarded **Achievement with Excellence** commonly:

- completed the graphs and calculations accurately
  - integrated the graphs and table into their written explanations
  - applied correct economic definitions as well as changes in surplus, price, and quantity to explain how allocative efficiency is affected
  - identified characteristics of elastic goods and how an elastic good responds to a change in price
  - explained using accurate economic terminology, the idea of offsetting gains against losses in terms of net welfare and if there is a greater gain or loss overall.
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# 91400: Demonstrate understanding of the efficiency of different market structures using marginal analysis

## Examinations

The examination included three scaffolded questions. Candidates were required to attempt all questions for the best opportunity to demonstrate their comprehensive understanding of the efficiency of different market structures using marginal analysis. The questions assessed the models and concepts specified in the 2021 Assessment Specifications, which included the supply and demand model for the goods and / or services markets, and the cost and revenue model for a perfectly competitive firm, monopoly firm, and natural monopoly.

The examination required candidates to analyse the impact of a change in a market on the short and long run pricing and / or output decisions of a firm using marginal analysis. Candidates were also required to compare and contrast the effectiveness of government policies to improve the efficiency of a monopoly market. The examination also required candidates to integrate economic models into their written explanations relating to the efficiency of perfect competition and monopoly market structures.

## Observations

It is pleasing that the vast majority of candidates incorporated specific graph references into their written explanations and accurately labelled most of their graphs.

Marginal analysis explanations were generally of a good standard, although a significant number of candidates did not refer to marginal cost and marginal revenue for Q1(b).

Writing irrelevant material continues to be an issue for some candidates.

A common error (across all achievement levels) was referring to perfect competition as having low / weak barriers to entry when it should be no barriers.

Many candidates seemed to be intent on including as much information as possible related to the topic, instead of just answering the question e.g. writing about type of economic profit when the question asked for the impact on price and output.

Characteristics of perfect competition and monopoly need to be linked to the requirements of the question, not just listed.

## Grade awarding

Candidates who were awarded **Achievement** commonly:

- correctly shaded, labelled, shifted curves, and identified areas for most of the graphs
- included one relevant point for marginal analysis and allocative efficiency explanations
- described at least one relevant characteristic of a perfect competition and monopoly market structure
- referred to changes in price or quantity when explaining changes in consumer surplus
- included at least one relevant reason for price and profit changing in their long run explanations
- identified an example of fixed costs or variable costs.

Candidates whose work was assessed as **Not Achieved** commonly:

- incorrectly labelled graphs and / or shaded incorrect areas
- did not refer to MC or MR in their marginal analysis explanations
- did not answer the question, e.g. did not state whether the consumer surplus increased or decreased
- did not refer to changes in price or quantity when explaining changes in consumer surplus
- merely listed characteristics of perfect competition and monopoly instead of explaining how the relevant characteristic affected allocative efficiency and long run profit.

Candidates who were awarded **Achievement with Merit** commonly:

- used the terms 'profit maximisation' (or 'loss minimisation'), 'marginal profits' and 'marginal losses' in their marginal analysis explanations
- defined and gave examples of fixed costs and variable costs
- referred to changes in price and quantity when explaining changes in consumer surplus

- referred to deadweight loss, and supply and demand in their allocative efficiency explanations
- incorporated some relevant characteristics of perfect competition and monopoly into their allocative efficiency and long run profit explanations
- included specific graph references into their written explanations
- added more detail to their explanation by stating why or how
- used correct economic terminology.

Candidates who were awarded **Achievement with Excellence** commonly:

- integrated relevant characteristics of monopoly and perfect competition market structures into their written explanations
  - integrated relevant graph references into their written explanations
  - included relevant definitions and multiple reasons for all their written explanations
  - included all the relevant groups and variables when using detailed explanations to compare and contrast
  - wrote explanations that flowed well, and which integrated economic terminology accurately throughout.
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## 91403: Demonstrate understanding of macro-economic influences on the New Zealand economy

### Examinations

The examination included three scaffolded questions. Candidates were required to attempt all questions for the best opportunity to demonstrate their comprehensive understanding of macro-economic influences on the New Zealand economy.

The questions assessed the models and policies specified in the 2021 Assessment Specifications. The economic models included were the business cycle, the aggregate demand and aggregate supply model, the spending multiplier, the foreign exchange model, and the circular flow model. The

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Government policies included were monetary policy, fiscal policy, and international trade policies.

The examination required candidates to apply their understanding of macro-economic influences on the New Zealand economy by comparing and contrasting the effectiveness of one government policy in achieving different macro-economic goals, and the effectiveness of different government policies in achieving one macro-economic goal. It required candidates to integrate economic models into their written explanations.

## Observations

Economic models are fundamental to this Achievement Standard. Candidates need to learn them well and refer to them in their written explanations. Reference to graphs (and resource material, when appropriate) in answers is vital to achieving at a Merit and Excellence level.

Candidates also need to focus on the Government's macro-economic goals and be able to explain the effectiveness of various policies on achieving one or more of these goals.

## Grade awarding

Candidates who were awarded **Achievement** commonly:

- used economic terminology in their basic explanations
- correctly illustrated changes on some of the models
- showed a weak understanding of some of the economic concepts.

Candidates whose work was assessed as **Not Achieved** commonly:

- did not use economic terminology in their written explanations
- did not refer to models in their written explanations
- did not refer to the context in their written explanations.

Candidates who were awarded **Achievement** with Merit commonly:

- used economic terminology accurately in their written explanations
- referred to economic models in their written explanations
- gave two or more reasons of impacts or flow on effects

- provided some explanation as to the effectiveness of Government policies or impact of external influences on Government macro-economic goals.

Candidates who were awarded **Achievement with Excellence** commonly:

- integrated economic models into their written explanations
- focused on Government macro-economic goals throughout their written explanations to follow a logical pattern
- compared and contrasted policies or external influences for their combined impact on Government macro-economic goals.

## [Economics subject page](#)

### Previous years' reports

[2020 \(PDF, 349KB\)](#)

[2019 \(PDF, 142KB\)](#)

[2018 \(PDF, 105KB\)](#)

[2017 \(PDF, 51KB\)](#)