

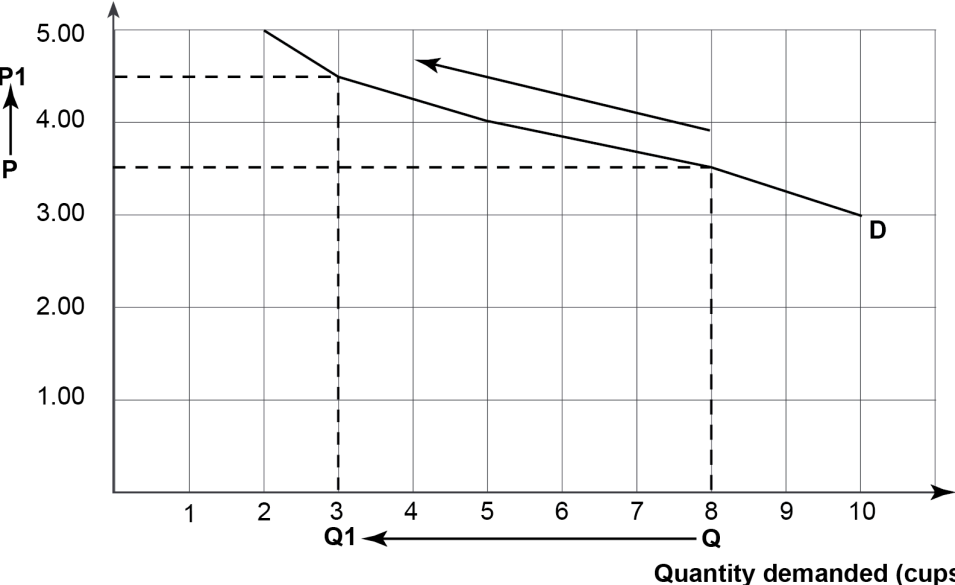
Assessment Schedule – 2012**Economics: Demonstrate understanding of consumer choices, using scarcity and /or demand (90983)****Evidence Statement**

Question	Evidence
<p>ONE (a)</p>	<p>Alexi faces the problem of scarcity because his wants are greater than his limited means. He wants to go on holiday to three destinations, but he does not have enough money (only \$50 per week) to pay for all three. He is also constrained by time, because he may not have enough time off work (only two weeks) to travel to all three destinations. This means Alexi will have to make a choice. His first preference is to go to Samoa and his second preference is China. The opportunity cost of his decision to go to Samoa is that he will miss out on travelling to China, which is his second best alternative forgone.</p>
<p>(b)</p>	<p>Values are those ideas /beliefs that people consider important in their lives, and that influence their decisions.</p> <p>Alexi values consideration for others /helping those less fortunate when he decided to donate to charity, but when he saves for his holiday he is valuing adventures and personal enjoyment for himself /finding out about other cultures /his freedom /meeting people.</p> <p>Alexi faces a conflict when deciding whether to give to others, or keep the money for his own benefit. In order to resolve this conflict, Alexi could go on a cheaper holiday and therefore still donate some of his income to charity /Alexi could offer some of his time to the charity rather than cash /Alexi could go to Samoa and help others there, eg teaching, rebuilding cyclone-damaged villages.</p>

Judgement Statement – Question One

N1	N2	A3	A4	M5	M6	E7	E8
<p>Shows partial description with TWO of:</p> <ul style="list-style-type: none"> identifies limited money or time defines opportunity cost identifies a choice defines OR identifies a value identifies a conflict OR a compromise. 	<p>Shows description with THREE of:</p> <ul style="list-style-type: none"> identifies limited money or time defines opportunity cost identifies a choice defines OR identifies a value identifies a conflict OR a compromise. 	<p>Shows breadth of description by:</p> <ul style="list-style-type: none"> identifies limited money or time <p>And THREE of:</p> <ul style="list-style-type: none"> defines opportunity cost identifies a choice defines OR identifies a value identifies a conflict OR a compromise. 	<p>Shows breadth of description by:</p> <ul style="list-style-type: none"> identifies limited money or time <p>And ALL of:</p> <ul style="list-style-type: none"> defines opportunity cost identifies a choice defines OR identifies a value identifies a conflict OR a compromise. 	<p>Detailed explanation which includes</p> <ul style="list-style-type: none"> correct description of time or money as a scarce resource <p>AND</p> <ul style="list-style-type: none"> correct opportunity cost <p>AND</p> <ul style="list-style-type: none"> explains TWO conflicting values <p>OR</p> <ul style="list-style-type: none"> a valid explanation of compromise. 	<p>Detailed explanation which includes:</p> <ul style="list-style-type: none"> correct description of time or money as a scarce resource <p>AND</p> <ul style="list-style-type: none"> correct opportunity cost <p>AND</p> <ul style="list-style-type: none"> partial explanation of TWO conflicting values <p>AND</p> <ul style="list-style-type: none"> partial explanation of compromise. 	<ul style="list-style-type: none"> Comprehensive explanation of how scarcity and values affect consumer choice mostly in context using correct economic terminology <p>AND</p> <ul style="list-style-type: none"> correct opportunity cost. Linking the explanation of limited money OR time to unlimited wants (ie scarcity) <p>AND</p> <ul style="list-style-type: none"> explains the conflicting values for Alexi. Linking this to an explanation of ONE compromise. 	<ul style="list-style-type: none"> Comprehensive explanation of how scarcity and values affect consumer choice in context using correct economic terminology correct opportunity cost. Linking the explanation of limited money OR time to unlimited wants (ie scarcity) <p>AND</p> <ul style="list-style-type: none"> explains the conflicting values for Alexi, linking this to an explanation of TWO compromises.

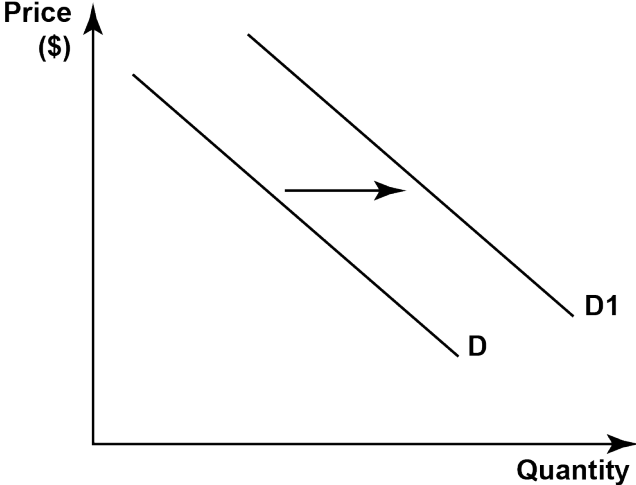
N0 = No response; insufficient relevant evidence.

Question	Evidence	
<p>TWO</p>	<p>(a) – Graph Look for:</p> <ul style="list-style-type: none"> • title • units (\$, cups) • axes labelled (Price, Quantity) • even scales • D Label on curve • correct points. 	<p>(b) – Graph Look for:</p> <ul style="list-style-type: none"> • labelled points • directions of change.
	<p>Price Title: <i>Alexi's weekly demand curve for cups of coffee</i> (\$)</p>  <p>Quantity demanded (cups)</p> <p>Q1 ← Q</p>	
<p>(c)</p>	<p>The law of demand states that as the price increases, the quantity demanded decreases and vice versa. In this case as the price of cups of coffee increases from \$3.50 (P) to \$4.50 (P₁) per cup, Alexi will reduce his quantity demanded of coffee from 8 cups a week (Q) to 3 cups a week (Q₁). This is because with his given income he cannot afford as many cups of coffee, ie coffee has become less affordable.</p> <p>Possible flow-on effects:</p> <ul style="list-style-type: none"> • The price increase may lead Alexi to look to substitute coffee with some other beverage that is cheaper. If this is the case, he may still continue to meet his friends at the café • If it reduces the frequency Alexi goes to cafés, he may end up socialising less, or he may have to find other ways or places to meet up with his friends • This could mean more time for other things such as doing charity work, or pursuing a hobby. 	

Judgement Statement – Question Two

N1	N2	A3	A4	M5	M6	E7	E8
<p>Shows partial understanding with only TWO of:</p> <ul style="list-style-type: none"> graph with FIVE correct requirements a movement up the demand curve the law of demand stated a decrease in number of cups of coffee demanded flow-on effect identified. 	<p>Shows partial understanding with THREE of:</p> <ul style="list-style-type: none"> graph with FIVE correct requirements accurate movement up the demand curve the law of demand stated a decrease in number of cups of coffee demanded flow-on effect identified. 	<p>Shows understanding with FOUR of:</p> <ul style="list-style-type: none"> graph with FIVE correct requirements accurate movement up the demand curve the law of demand stated a decrease in number of cups of coffee demanded flow-on effect identified. 	<p>Shows breadth of understanding with ALL of:</p> <ul style="list-style-type: none"> graph with FIVE correct requirements accurate movement up the demand curve the law of demand stated a decrease in number of cups of coffee demanded flow-on effect identified. 	<p>Detailed explanation of the law of demand using data / graph</p> <p>AND</p> <ul style="list-style-type: none"> accurate movement up the demand curve prices and quantities identified <p>AND</p> <ul style="list-style-type: none"> reason given for the law of demand <p>OR</p> <ul style="list-style-type: none"> flow-on effect explained. 	<p>Detailed explanation of the law of demand using data / graph</p> <p>AND</p> <ul style="list-style-type: none"> accurate movement up the demand curve change in quantity demanded identified <p>AND</p> <ul style="list-style-type: none"> reason given for the law of demand <p>OR</p> <ul style="list-style-type: none"> flow-on effect explained. 	<p>Comprehensive explanation of the law of demand mostly in context using data / graph and correct terms</p> <p>AND</p> <ul style="list-style-type: none"> law of demand explained with price AND quantity demanded change <p>AND</p> <ul style="list-style-type: none"> reason given for the law of demand <p>AND</p> <ul style="list-style-type: none"> flow-on effect explained. 	<p>Comprehensive explanation of the law of demand in context using data / graph and correct terms</p> <p>AND</p> <ul style="list-style-type: none"> law of demand explained with price AND quantity demanded change <p>AND</p> <ul style="list-style-type: none"> reason given for the law of demand <p>AND</p> <ul style="list-style-type: none"> TWO flow-on effects explained.

N0 = No response; insufficient relevant evidence.

Question	Evidence
THREE	<p style="text-align: center;">Graph B: Alexi’s weekly demand for muffins</p> 
	<ul style="list-style-type: none"> • Coffee and muffins are complements, meaning they are goods that are consumed together. When the price of coffee falls from P to P1 the quantity demanded of coffee increases from Q to Q1 cups a week and, Alexi will demand more muffins to go with the coffee. • The increase in demand for muffins is shown as a shift of the demand curve to the right from D to D1, meaning more muffins will be demanded at each and every price. The increase in quantity demanded of coffee, on the other hand, is shown as a movement along (down) the demand curve. <p>Possible flow-on effects:</p> <ul style="list-style-type: none"> • The increase in quantity demanded for coffee and demand for muffins may mean that Alexi frequents cafés more, or spends more time catching up with his friends over coffee • Alexi spends more time socialising and meeting up with his friends, and less time on other things such as work, pursuing a hobby, sport or doing charity work • Alexi might spend more at cafés, even though the price of coffee has fallen – as he now buys more coffee and muffins, he is likely to spend more than before • This may mean that he will have less income left over for other things such as putting aside money for his holiday, or for charity • Health issues related to over-consumption of coffee and muffins.

Judgement Statement – Question Three

N1	N2	A3	A4	M5	M6	E7	E8
<p>Shows partial understanding with only TWO of:</p> <ul style="list-style-type: none"> • identifies complements • states more muffins are bought • states / shifts demand curve for muffins to right • states more coffee bought • states downward movement along the demand curve for coffee • flow-on effect identified. 	<p>Shows partial understanding with THREE of:</p> <ul style="list-style-type: none"> • identifies complements • states more muffins are bought • states / shifts demand curve for muffins to right • states more coffee bought • states downward movement along the demand curve for coffee • flow-on effect identified. 	<p>Shows understanding with FOUR of:</p> <ul style="list-style-type: none"> • identifies complements • states more muffins are bought • states / shifts demand curve for muffins to right • states more coffee bought • states downward movement along the demand curve for coffee • flow-on effect identified. 	<p>Shows breadth of understanding with FIVE of:</p> <ul style="list-style-type: none"> • identifies complements • states more muffins are bought • states / shifts demand curve for muffins to right • states more coffee bought • states downward movement along the demand curve for coffee • flow-on effect identified. 	<p>Detailed explanation of complements using data / graph.</p> <p>TWO of:</p> <ul style="list-style-type: none"> • explains complements in terms of being used together • refers to graphs in explaining movement down OR shift of demand curve • ONE flow-on effect explained. 	<p>Detailed explanation of complements using data / graph.</p> <p>THREE of:</p> <ul style="list-style-type: none"> • explains complements in terms of being used together • refers to graphs in explaining movement down OR shift of demand curve • ONE flow-on effect explained. 	<p>Comprehensive explanation of the concept of complements mostly in context using graphs and correct terms such as Quantity demanded and Demand</p> <p>AND</p> <ul style="list-style-type: none"> • fully explains complements in terms of being used together <p>AND</p> <ul style="list-style-type: none"> • refers to graphs in explaining movement down OR shift of demand curve <p>AND</p> <ul style="list-style-type: none"> • ONE flow-on effect explained. 	<p>Comprehensive explanation of the concept of complements in context using graphs and correct terms such as Quantity demanded and Demand</p> <p>AND</p> <ul style="list-style-type: none"> • fully explains complements in terms of being used together <p>AND</p> <ul style="list-style-type: none"> • refers to graphs in explaining movement down AND shift of demand curve <p>AND</p> <ul style="list-style-type: none"> • TWO flow-on effects explained.

N0 = No response; insufficient relevant evidence.

Question	Evidence
<p>FOUR</p>	<p>When Alexi was 22 and in his first year of work, his income did not allow for expensive holiday accommodation. To be able to afford a holiday he had to save all year, so he was likely to spend a large proportion on airfares, with not much left for accommodation or other things. Budget accommodation – such as backpackers or cabins – are inferior goods, which are demanded when consumers' incomes are low. As Alexi's income increases he can afford better quality accommodation, so he may choose to stay at 5-Star hotels or boutique hotels – which are luxury goods. These are goods and services that consumers will demand more of when their income increases.</p> <p>Alexi's demand for holiday accommodation may change from budget (inferior) to quality (luxury).</p> <p>This is due to two main reasons:</p> <ul style="list-style-type: none"> • His increase in income allows him to demand more luxury goods. Luxury goods are goods and services that consumers will demand more of when their income increases. Now that Alexi has a higher income, he can afford better and more expensive accommodation – so his demand for (luxury) quality accommodation increases while his demand for (inferior) budget accommodation decreases • When he was young and (probably) single, he was in a better position to rough it out, so budget accommodation would suffice. However, with a young family he is more likely to opt for something that offers more comfort and convenience. <p>Possible flow-on effects:</p> <ul style="list-style-type: none"> • More comfort while on holiday so have a better time • A significant proportion of income spent on accommodation, so Alexi and his family may have fewer holidays • Less likely to get to enjoy the “meeting lots of interesting people” in budget accommodation that is more “communal” and less private • More spent on accommodation, so less to spend on entertainment • More spent on accommodation, so shorter holidays or not travel as far.

Judgement Statement – Question Four

N1	N2	A3	A4	M5	M6	E7	E8
<p>Shows partial understanding with only TWO of:</p> <ul style="list-style-type: none"> • defines luxury good • defines inferior good • identifies 5-Star hotel (or similar) as a luxury • identifies backpackers' accommodation (or similar) as an inferior good • states less inferior or budget accommodation will be demanded or more luxury accommodation demanded • states ONE reason for the change in demand for holiday accommodation • flow-on effect identified. 	<p>Shows partial understanding with THREE of:</p> <ul style="list-style-type: none"> • defines luxury good • defines inferior good • identifies 5-Star hotel (or similar) as a luxury • identifies backpackers' accommodation (or similar) as an inferior good • states less inferior or budget accommodation will be demanded or more luxury accommodation demanded • states ONE reason for the change in demand for holiday accommodation • flow-on effect identified. 	<p>Shows understanding with FOUR of:</p> <ul style="list-style-type: none"> • defines luxury good • defines inferior good • identifies 5-Star hotel (or similar) as a luxury • identifies backpackers' accommodation (or similar) as an inferior good • states less inferior or budget accommodation will be demanded or more luxury accommodation demanded • states ONE reason for the change in demand for holiday accommodation • flow-on effect identified. 	<p>Shows breadth of understanding with FIVE of:</p> <ul style="list-style-type: none"> • defines luxury good • defines inferior good • identifies 5-Star hotel (or similar) as a luxury • identifies backpackers' accommodation (or similar) as an inferior good • states less inferior or budget accommodation will be demanded or more luxury accommodation demanded • states ONE reason for the change in demand for holiday accommodation • flow-on effect identified. 	<p>Detailed explanation of inferior and luxury goods.</p> <p>THREE of:</p> <ul style="list-style-type: none"> • explains luxury goods • explains inferior goods • explains with ONE reason why the demand for budget accommodation falls AND the demand for quality accommodation increases • ONE flow-on effect explained. 	<p>Detailed explanation of inferior and luxury goods.</p> <p>FOUR of:</p> <ul style="list-style-type: none"> • explains luxury goods • explains inferior goods • explains with ONE reason why the demand for budget accommodation falls AND why the demand for quality accommodation increases • ONE flow-on effect explained. 	<p>Comprehensive explanation of the concept of luxuries / inferior goods mostly in context, using examples and correct terms</p> <p>AND</p> <ul style="list-style-type: none"> • fully explains luxury and inferior goods in relation to holiday accommodation and income increase in context <p>AND</p> <ul style="list-style-type: none"> • ONE flow-on effect explained. 	<p>Comprehensive explanation of the concept of luxuries / inferior goods in context using examples and correct terms</p> <p>AND</p> <ul style="list-style-type: none"> • fully explains luxury and inferior goods in relation to holiday accommodation and income increase in context <p>AND</p> <ul style="list-style-type: none"> • links to changes in circumstances <p>AND</p> <ul style="list-style-type: none"> • TWO flow-on effects explained.

N0 = No response; insufficient relevant evidence.

Judgement Statement – Overall

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 8	9 – 17	18 – 24	25 – 32