

Assessment Schedule – 2014

Economics: Demonstrate understanding of producer choices using supply (90985)

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<p>Demonstrate understanding involves:</p> <ul style="list-style-type: none"> defining, identifying, describing or providing an explanation of choices a producer makes in response to a change in internal or external factors affecting supply identifying, describing, or providing an explanation of the flow-on effects for the producer clearly illustrating changes using the supply model. 	<p>Demonstrate in-depth understanding involves:</p> <ul style="list-style-type: none"> providing a detailed explanation, using supply, of choices a producer makes in response to a change in internal or external factors affecting supply providing a detailed explanation of the flow-on effects for the producer. 	<p>Demonstrate comprehensive understanding involves:</p> <ul style="list-style-type: none"> linking detailed explanations of the flow-on effects for the producer with detailed explanations of choices a producer makes in response to a change in internal or external factors affecting supply integrating changes in supply into detailed explanations.

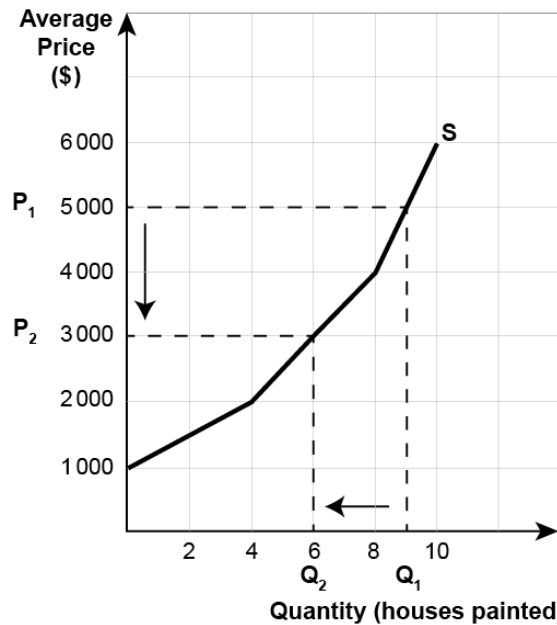
Each question should be read as a whole before awarding a grade.

Evidence Statement

Question One	Sample answers / Evidence	Achievement	Achievement with Merit	Achievement with Excellence														
(a)	<p>Supply schedule FIVE of six combinations correct</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Average price (\$)</th> <th>Quantity (houses painted)</th> </tr> </thead> <tbody> <tr> <td>1 000</td> <td>0</td> </tr> <tr> <td>2 000</td> <td>4</td> </tr> <tr> <td>3 000</td> <td>6</td> </tr> <tr> <td>4 000</td> <td>8</td> </tr> <tr> <td>5 000</td> <td>9</td> </tr> <tr> <td>6 000</td> <td>10</td> </tr> </tbody> </table>	Average price (\$)	Quantity (houses painted)	1 000	0	2 000	4	3 000	6	4 000	8	5 000	9	6 000	10	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> supply schedule with FIVE of six correct combinations showing movement down the supply curve describing the law of supply explaining ceteris paribus explaining a reason for the law of supply identifying the need for fewer resources. 	<p>Detailed explanation, which includes:</p> <ul style="list-style-type: none"> fully explaining the law of supply, with the idea of less profitability and using data in context accurate movement down the supply curve explaining ceteris paribus in the context of supply fully explaining ONE flow-on effect <p>Candidate uses detailed explanations, mostly uses correct data, and in context.</p>	<p>Comprehensive explanation, which includes:</p> <ul style="list-style-type: none"> fully explaining the law of supply, referring to lower profitability with revenue and costs explaining ceteris paribus using an example fully explaining TWO flow-on effects. <p>Candidate uses integrated explanations in context and uses correct data and economic terminology.</p>
Average price (\$)	Quantity (houses painted)																	
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3 000	6																	
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(b) Movement along the supply curve:
Changes indicated by (dotted) lines, P_1 , P_2 , Q_1 , Q_2 labels **OR** arrows.

Jessie's monthly supply of house-painting services



(c) **Law of Supply:**
As the average price of painting a house falls from \$5000 (P_1) to \$3000 (P_2) per house, the quantity of houses painted falls from 9 houses (Q_1) to 6 houses (Q_2) per month. *Ceteris paribus*.

This assumes *ceteris paribus*, all other factors remain the same, so the price change alone determines the change in quantity supplied.
Examples of other factors include cost of production, productivity, or the weather.

Full explanation of a reason for the law of supply:

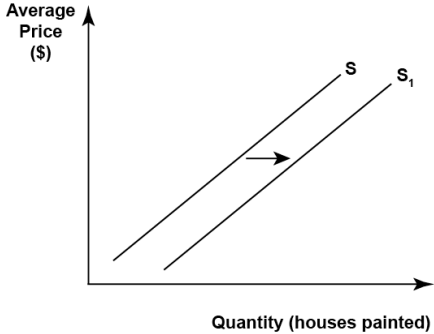
As the price of house painting falls, Jessie is less able to cover the costs of house painting eg wages, scaffold hire, which means it becomes less profitable for Jessie, since the difference between revenue and costs is lower.

Flow-on effect on use of resources:

With fewer houses being painted, Jessie's need for resources will be less / she may not need as many workers to paint houses / will not need to hire as many scaffolds and ladders / she may use her staff to provide gardening services instead of painting.

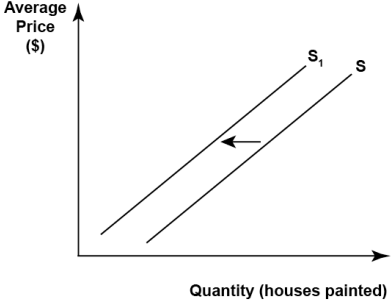
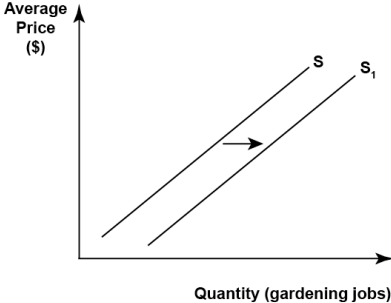
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanation.	Most Achievement evidence.	Nearly all Achievement evidence, which includes at least one explanation.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part weaker.	All points covered.

N0 = No response; no relevant evidence.

Question Two	Sample answers / Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<p>(a)</p>	<p>The supply curve is shifted to the right.</p> <p style="text-align: center;">Jessie's supply of house-painting services</p>  <p>(b)</p> <p>Explaining the effect of the weather: The forecast for better weather will increase the number of days per month Jessie is able to paint houses. This is because painting requires good conditions for drying. The painters can paint houses more quickly, which means that they can increase their productivity. She will also be able to paint for more hours during the day because there are more hours of daylight. Therefore, her revenue will increase. There will be less down time and fewer days wasted because of rain. Jessie will get better use out of her hired scaffolds, which she pays for each day, whether it is fine or not. Therefore, her costs will decrease. Painting houses will be more profitable, as Jessie can spend more days on painting and take more painting contracts. Consequently, her supply of house-painting services will rise as shown by a shift of the supply curve to the right from S to S₁, which indicates Jessie supplies more house-painting services at each and every price.</p> <p>Flow-on effects:</p> <ul style="list-style-type: none"> • With the fine weather, Jessie will be able to paint more houses, so may need to increase her advertising so she gets enough clients to make use of the good weather/or could expand her business by employing more workers. • With the increase in the number of houses Jessie is now painting, Jessie may need to hire more workers or casual labour to help her with the work load during this busy season/divert labour resources from gardening to painting. • With the increased number of houses being painted, Jessie may need to source more scaffolding as her present supplier may not be able to fulfil her scaffolding requirements or buy scaffolding so she does not need to hire it/or purchase a second van to transport her increased number of pails of paint and other tools. 	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • shifting supply curve right • stating an increase in supply of house-painting services • explaining a link between the weather and increased supply • explaining flow-on effect(s). 	<p>Detailed explanation, which includes:</p> <ul style="list-style-type: none"> • showing the shift correctly with appropriate labelling • linking the weather to a rise in profitability and supply using an example eg scaffolding, sunshine days • fully explaining ONE flow-on effect linked to the increase in supply. <p>Candidate uses detailed explanations, mostly uses correct data, and in context.</p>	<p>Comprehensive explanation includes:</p> <ul style="list-style-type: none"> • clearly linking the weather to a rise in profitability by referring to revenue or costs and supply, using an example eg scaffolding, sunshine days • fully explaining TWO flow-on effects clearly linked to the increase in supply. <p>Candidate uses integrated explanations in context, and uses correct data and economic terminology.</p>

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Very little Achievement evidence.	Some Achievement evidence, partial explanation.	Most Achievement evidence.	Nearly all Achievement evidence, which includes at least one explanation.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part weaker.	All points covered.

N0 = No response; no relevant evidence.

Question Three	Sample answers / Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<p>(a)</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Jessie's supply of house-painting services</p>  <p>Average Price (\$)</p> <p>Quantity (houses painted)</p> <p>Shows a shift to the left of the supply curve of painting services</p> </div> <div style="text-align: center;"> <p>Jessie's supply of gardening services</p>  <p>Average Price (\$)</p> <p>Quantity (gardening jobs)</p> <p>Shows a shift to the right of the supply curve of gardening services</p> </div> </div>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • shifting the house-painting supply curve to the left, and the gardening supply curve right • stating decrease in supply of house-painting services, and increase in supply of gardening services • explaining the idea of a related good / service • explaining a flow on effect. 	<p>Detailed explanation, which includes:</p> <ul style="list-style-type: none"> • correct shifts with appropriate labelling • fully explaining the decrease in supply of house-painting services with cost or profit • fully explaining the increase in the supply of gardening services with relative profitability idea • fully explaining a flow-on effect. <p>Candidate uses detailed explanations, mostly uses correct data, and in context.</p>	<p>Comprehensive explanation includes:</p> <ul style="list-style-type: none"> • clearly linking the effect of compliance costs and lower profitability with decreased supply of painting services and increase supply of gardening, using relative profitability and switching of resources (time) • fully explaining a flow-on effect. <p>Candidate uses integrated explanations in context, and uses correct data and economic terminology.</p>
<p>(b)</p>	<p>Related service in the context of Jessie House painting and gardening are related goods / services, as they are both outdoor jobs that Jessie can provide using her time, and similar resources, such as labour and her van.</p> <p>Link between the stricter safety rules on house painting and Jessie's supply of house-painting services: Jessie is likely to supply fewer house-painting services because of the higher compliance costs associated with safe scaffolds and ladders. With her costs rising, the difference between revenue and costs will fall, and house painting will be less profitable. As a result, she will be less inclined to offer house-painting services, as shown by a shift to the left of her supply curve from S to S₁.</p> <p>Link between the stricter safety rules on house painting and Jessie's supply of gardening services: With house painting now less profitable, Jessie will devote more of her time and resources, such as her van, to gardening services. Gardening services will be relatively more profitable than house painting, as it does not have the safety requirements associated with scaffolds and ladders. Consequently, the supply of gardening services will increase, and the supply curve for gardening services will shift to the right from S to S₁.</p>			

<p>Flow-on effects</p> <ul style="list-style-type: none"> As Jessie is now providing gardening services, her van might not be suitable for the type of equipment she relies on, and consequently, her van might need to be modified – or she might have to sell redundant painting equipment. Jessie will have to change her advertising to attract gardening clients, instead of painting clients. Jessie may need to hire workers experienced in gardening, and perhaps let go of those who are not trained in gardening, or who do not wish to offer gardening services. 							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanation.	Most Achievement evidence.	Nearly all Achievement evidence, which includes at least one explanation.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part weaker.	All points covered.

N0 = No response; no relevant evidence.

Cut Scores

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 6	7 – 12	13 – 18	19 – 24