

Assessment Schedule – 2015**Economics: Demonstrate understanding of consumer choices, using scarcity and/or demand (90983)****Assessment Criteria**

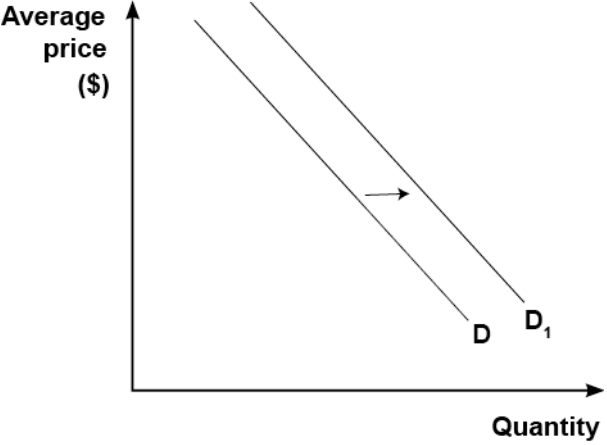
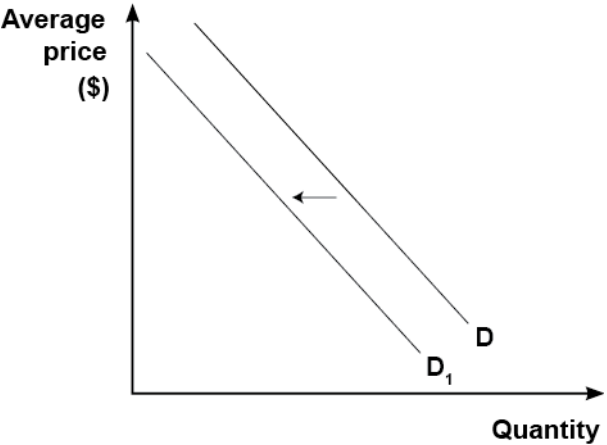
Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrate understanding</i> involves:</p> <ul style="list-style-type: none"> • defining, identifying, describing, or providing an explanation of consumer choices related to scarcity • identifying, describing, or providing an explanation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

Evidence

Q ONE	Sample answers /Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a) and (b)	<p style="text-align: center;">Anahera's annual demand for concerts</p>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> drawing the graph with FIVE correct requirements (from: title, price (\$), quantity, points correct, D label, scales correct) identifying accurate movement down the demand curve describing the law of demand explaining an increase in the number of concerts demanded explaining flow-on effect(s). 	<p>Detailed explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> the law of demand, with some reference to the information in the table or the graph the increase in the number of concerts attended by Anahera flow-on effect(s) for Anahera. <p>Uses detailed explanations, mostly in context.</p>	<p>Comprehensive explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> the law of demand in the context of the number of concerts attended by Anahera (with reference to the graph and/or the table) TWO flow-on effects for Anahera. <p>Uses integrated explanations in context, and uses correct data and economic terminology.</p>
(c)	<p>The law of demand states that as the price decreases, the quantity demanded increases, and vice versa – assuming <i>ceteris paribus</i> (factors other than price remain unchanged). In this case, as the average price of concerts falls from \$60 ($P_1$) to \$40 (P_2) per concert, Anahera will increase her quantity demanded of concerts from 10 concerts (Q_1) to 15 concerts (Q_2) per year. This is because with her given income, she can now afford to attend more concerts, i.e. concerts have become more affordable (income effect). Anahera might also demand more concerts because they are now relatively cheaper than a substitute activity such as going to live theatre (or any other activity she could do) (substitution effect).</p>			

<p>Possible flow-on effects</p> <p>The price decrease might lead Anahera to:</p> <ul style="list-style-type: none"> • have less time for studying because she is spending more time at concerts, meaning her academic progress is hindered • spend more on transport to the concerts such as taxi or bus rides, and this will use more of her limited income and stretch her budget • suffer from hearing problems because she is attending more loud events, and this might affect her health in the future • have her passion for music reinforced and give her more motivation for practising her own music, which could result in her becoming a more accomplished musician. 							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence. At least one explanation.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Q TWO	Sample answers/Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>Anahera's monthly demand for concerts by local bands</p>  <p>Anahera's monthly demand for concerts by international bands</p> 	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • correctly shifting Anahera's demand curves for both types of concerts • defining savings • describing luxury goods • describing inferior goods • identifying concerts by high-profile international bands as a luxury and concerts by a local band as an inferior good • explaining the changes in demand for both types of concerts • explaining flow-on effect(s). 	<p>Detailed explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> • why concerts by high-profile international bands are luxury goods and why concerts by local bands are inferior goods • why demand for the two types of concerts would change (local increase and international decrease) • flow-on effect(s) for Anahera. <p>Uses detailed explanations, mostly in context.</p>	<p>Comprehensive explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> • luxury and inferior goods in relation to Anahera's concert attendance in response to increased savings • why demand for the two types of concerts would change (local increase and international decrease), with reference to the graph • a positive AND a negative flow-on effect for Anahera. <p>Uses integrated explanations in context, and correct economic terminology.</p>

<p>(b)</p>	<p>Define savings</p> <p>Savings is income that is not spent. Increasing savings will decrease income available to spend on goods and services.</p> <p>Inferior vs luxury</p> <p>Attending concerts performed by high-profile international bands is a luxury for Anahera, and concerts performed by local bands are inferior by comparison. Luxury goods and services are often higher quality goods and services that are bought when a person has higher disposable income; whereas inferior goods and services are more often bought when a person has a low income, and the goods are often of lower quality.</p> <p>Effect of increase in savings</p> <p>When Anahera increases her savings, she will have less of her income available to spend on goods and services such as attending concerts.</p> <p>Anahera might change the number of concerts she attends that are performed by high-profile international bands compared to those performed by local bands. High-profile international band concerts are likely to be more expensive than those performed by local bands. This could be because of higher travel costs as well as the popularity of the band. With Anahera's discretionary spending decreasing, she might choose to attend fewer of the more expensive international bands (luxury concerts) and attend relatively more local bands' concerts (inferior concerts), as they are more affordable in comparison. This would mean that Anahera's demand for the "luxury" concerts performed by international bands would decrease from D to D_1 and the demand for the "inferior" concerts performed by local bands would increase from D to D_1.</p> <p>Possible flow-on effects</p> <p>A positive flow-on effect from the change in concert attendance is that Anahera:</p> <ul style="list-style-type: none"> gains a greater appreciation for New Zealand music from her increased attendance at concerts by local bands, which increases her awareness of 			
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<p>the possibilities for her as a local musician if she continues to study music</p> <ul style="list-style-type: none"> might be attending fewer concerts compared to before, and this allows her more time to spend on other activities such as working or studying or practicing her own music. This may lead to her saving a greater amount for her trip/getting better grades at school/becoming a more talented musician. <p>A negative flow-on effect from the change in concert attendance is that Anahera:</p> <ul style="list-style-type: none"> loses some of her motivation and inspiration as a musician, if her overall concert attendance decreases; and she might decrease the amount of time practising, which might hinder her progress as a musician. 							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence. At least one explanation.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Q THREE	Sample answers / Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>Time is a limited resource / mean for Anahera because she has unlimited / multiple activities she likes to do, such as studying, practising, working, playing tennis, but she has only a limited amount of time (24 hours in a day) in which to do these activities. This illustrates the idea of scarcity (limited means versus unlimited wants). Scarcity is also illustrated by Anahera's limited mean of money. Anahera has limited income from her part-time job but has many ways she would like to spend it, such as concerts, music lessons, saving for the orchestra trip, and time on the tennis court.</p> <p>Anahera will need to choose which activities she spends her time and income on, as she does not have time to complete them all and cannot afford to pay for all of them. When Anahera chooses one activity over another (e.g. spending her time and money attending concerts), then she has to give up her next best alternative, which is defined as her opportunity cost. For example, choosing concerts might mean that she has to sacrifice spending her time and money playing tennis with her sister.</p>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • describing scarcity • identifying choice • explaining opportunity cost • defining the term 'values' • describing Anahera's value for each activity • explaining a conflict or a compromise. 	<p>Detailed explanation, which includes:</p> <ul style="list-style-type: none"> • explaining why time or money is a scarce resource • explaining choice and opportunity cost • fully explaining Anahera's value for each activity • fully explaining compromise(s) Anahera might make. <p>Uses detailed explanations, mostly in context.</p>	<p>Comprehensive explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> • the concepts of scarcity, choice, and opportunity costs in the context of Anahera's options and time AND money as scarce resources • Anahera's choices for each value and TWO compromises to resolve any conflict she might have. <p>Uses integrated explanations in context, and uses correct economic terminology.</p>

(b)	<p>Values are those ideas/beliefs that people consider important in their lives, and that influence their decisions.</p> <p>By playing tennis with her sister, Anahera is demonstrating the value of family (or fitness). When Anahera is studying/completing schoolwork, she is showing that she values education.</p> <p>Anahera faces a conflict when deciding whether to spend her time with her family/sister or improving her academic future (as she does not have enough time to do both).</p> <p>In order to resolve this conflict, Anahera could:</p> <ul style="list-style-type: none"> • study with her sister so she is able to work for her academic future but also spend time with her family • set up a timetable for the week that ensures that she spends time with her family as well as having time for her school work • use her free lunchtimes during the school week to complete homework and study so she has less school work to do at home, and this will give her more time to spend in the afternoons and weekends playing tennis with her sister. 						
	N1	N2	A3	A4	M5	M6	E7
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence. At least one explanation.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Cut Scores

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

