

Assessment Schedule – 2016

Economics: Demonstrate understanding of consumer choices, using scarcity and/or demand (90983)

Assessment Criteria

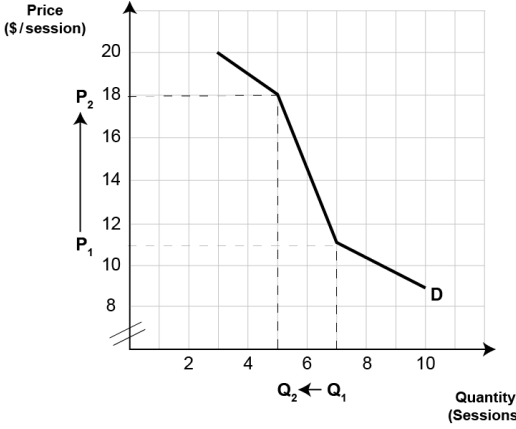
Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrate understanding</i> involves:</p> <ul style="list-style-type: none"> defining, identifying, describing, or providing an explanation of consumer choices related to scarcity identifying, describing, or providing an explanation 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 a price or non-price factors affecting demand integrating changes in demand into detailed explanations.

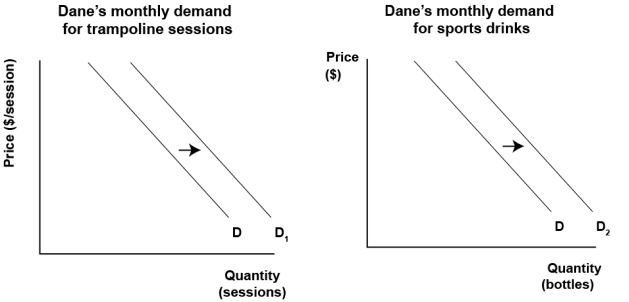
Grade Score Descriptors

N0	N1	N2	A3	A4	M5	M6	E7	E8
No response; no relevant evidence.	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.

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

Question One	Sample answers / Evidence		
(a)	<p>Time is limited because there are only 24 hours in a day, and Dane has unlimited activities he wants to spend time doing, such as working at the trampoline park, studying towards his trade, spending time with his friends, and improving his fitness. This illustrates the idea of scarcity (limited time vs unlimited activities / wants) – more activities to do than can be achieved in one afternoon / evening. (Possible answer around limited money – he has to spread his limited income earned from working over his studies, living costs, and social events with his friends, or the holiday mentioned later).</p> <p>Because of scarcity, Dane must choose which activity(ies) are most important to him, so that he gets to spend time doing them within the limited time that he has.</p> <p>When he chooses one activity (e.g. working) over another (e.g. studying), he has to give up his next best alternative, which is defined as his opportunity cost (in this instance, studying).</p>		
(b)	<p>Values are those ideas / beliefs that people consider important in their lives, and that influence their decisions.</p> <p>If Dane values his financial security, he would choose to work (or study, as this would help his job prospects and, therefore, financial security in the future). If he values his friendships, Dane would choose to spend more time with his friends.</p>		
(c)	<p>Dane faces a conflict so must compromise when deciding whether to spend his time working or socialising with his friends, since he cannot do everything he wishes. In order to resolve this conflict, he could organise his weekly timetable so that he socialises with his friends on the days that he doesn't work. / Dane could try to find a position working at a place that some of his friends work or encourage them to get jobs at the trampoline park as well. Doing these things would allow him to spend time with his friends but also work to earn money and improve his financial security. (Similar answers accepted if the activity for financial security is studying.)</p>		
Achievement	Achievement with Merit	Achievement with Excellence	
<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • describing scarcity • identifying a choice for Dane • explaining opportunity cost • defining the term 'values' • identifying Dane's choice for each value • explaining 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 Dane's choice for each value • fully explaining compromise(s) Dane might make. <p>Candidate uses detailed explanations, mostly in context.</p>	<p>Comprehensive explanation, which includes:</p> <ul style="list-style-type: none"> • fully explaining the concepts of scarcity, choice, and opportunity cost in the context of Dane's options, and time or money as a scarce resource • fully explaining Dane's choices for each value and TWO compromises to resolve any conflict he may have. <p>Candidate uses integrated explanations in context, and uses correct economic terminology.</p>	

Question Two	Sample answers / Evidence		
<p>(a) (b) (c)</p>	<p>The law of demand states that as the price increases, the quantity demanded decreases and vice versa, assuming ceteris paribus (all other factors remain unchanged). In this case, as the price of trampoline sessions rises from \$11 ($P_1$) to \$18 (P_2) per session, Dane will decrease his quantity demanded of trampoline sessions from 7 sessions a week (Q_1) to 5 sessions a week (Q_2).</p> <p>This is because with his given income, he can now afford fewer trampoline sessions, i.e. sessions have become less affordable.</p> <p>Dane might also demand fewer sessions, because they are now relatively more expensive than substitute activities, such as going to a local pool, playing social sport during the week, going for a run (or any other activity on which he could spend his time).</p>		<p>Dane's weekly demand curve for trampoline sessions</p> 
<p>(d)</p>	<p>Possible flow-on effects:</p> <p>The price increase may lead Dane to:</p> <ul style="list-style-type: none"> • purchase fewer complementary goods, e.g. he will need to buy fewer bus trips to get to the trampoline park/pay less for petrol/pay less for parking, etc • have more time for studying because he is spending less time on his fitness, which should improve his academic results and job prospects • have a less healthy lifestyle because he is exercising less • meet new people when he exercises at a different centre, e.g. if he joins a social football team with people he doesn't know or at a gym if he is there more often. 		
Achievement	Achievement with Merit	Achievement with Excellence	
<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, scale correct) • identifying accurate movement up the demand curve • describing the law of demand • explaining a decrease in number of sessions 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 reference to the information in the resource or the graph, or • the change in the number of sessions attended by Dane • flow-on effect(s) for Dane. <p>Candidate uses detailed explanations and makes some reference to the graph.</p>	<p>Comprehensive explanation, which includes:</p> <ul style="list-style-type: none"> • fully explaining the law of demand in the context of the number of sessions attended by Dane, (with reference to the graph and/or the resource) • fully explaining TWO flow-on effects for Dane. <p>Candidate refers to the changes in the graph and uses correct data and economic terminology.</p>	

Question Three	Sample answers / Evidence		
(a)	Trampoline sessions and sports drinks are complements for Dane, meaning they are goods that he consumes together (e.g. he will need a drink to hydrate himself after a trampoline session).		
(b)			
(c)	<p>When Dane decided to become a competitive trampoliner, his tastes and preferences changed because he needed to attend the trampoline park more often to practise his skills and routines. This means that he will increase his demand for trampoline sessions at every price, and the demand curve will shift to the right from D to D₁.</p> <p>Dane's increasing his demand for trampoline sessions (due to starting to compete in trampolining events) results in his buying more sports drinks, as he buys drinks when he trains and he is training more often. This means his demand for sports drinks has increased at every price, which is shown by a shift of the demand curve for sports drinks right from D to D₂.</p>		
(d)	This will have a negative effect on his budget because he has a fixed income and he is now purchasing more trampolining sessions as well as more sports drinks and he might need to cut back his spending on other goods and services or work extra hours.		
Achievement	Achievement with Merit	Achievement with Excellence	
<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> identifying complements shift right of demand curve for trampoline sessions shift right of demand curve for sports drinks explaining more trampoline sessions demanded explaining more sports drinks demanded identifying ONE flow-on effect on Dane's budget. 	<p>Detailed explanation, which includes:</p> <ul style="list-style-type: none"> explaining complements, in terms of being used together fully explaining shift right of the demand curve for trampoline sessions, with some reference to the graph fully explaining shift right of demand curve for sports drinks, with some reference to the graph explaining ONE flow-on effect. <p>Candidate uses detailed explanations and makes some reference to the graphs.</p>	<p>Comprehensive explanation, which includes:</p> <ul style="list-style-type: none"> fully explaining complements, in terms of being used together in the context of Dane, with reference to graph changes fully explaining ONE flow-on effect for Dane. <p>Candidate refers to the changes in the graphs and uses correct economic terminology.</p>	

Question Four	Sample answers / Evidence
(a)	<p>The scholarship will increase Dane's income.</p> <p>Camping accommodation would be an inferior good for Dane, and staying at a four-star motel would be a luxury (<i>accept normal good</i>) by comparison. Inferior goods are more often bought when a person has a lower income, and the goods are often of lower quality. Luxury goods are often of higher quality, and people buy more of these as their income increases.</p> <p>Dane might change his accommodation choices to include relatively more of the luxury accommodation (motels that have facilities such as comfortable beds) compared to the inferior accommodation (camping accommodation where Dane will have to sleep in a tent). Motel rooms are likely to be more expensive to hire than camping accommodation; but with his increased income, he is more able to afford a motel room. This would mean that Dane's demand for motel rooms (the luxury) would increase, as shown on the graph by the rightward shift from D to D₂ and his demand for camping accommodation would decrease, as shown by the leftward shift of the demand curve from D to D₁.</p>
(b)	<p>Possible positive flow-on effects:</p> <ul style="list-style-type: none"> • Dane gets a better night's sleep, so is more refreshed and has more energy during the day and is able to do more activities, so he competes at a higher level. • There are better facilities at the motel, such as electricity, private kitchens, toilets, and showers, so Dane won't have to share with strangers to make meals and to wash. • The motel rooms won't be affected by the weather like a camping site would be, which means that Dane will have a more enjoyable stay if there were a storm or a lot of rain, which might get all his clothes wet, etc. <p>Possible negative flow-on effects:</p> <ul style="list-style-type: none"> • He misses out on some socialising with other competitors because when camping, their tents might have been close together, whereas with separate motel rooms, he is less able to meet other like-minded people. • He would use his own sleeping bag at a tent site so would be assured of cleanliness, as opposed to possibly suffering from bed bugs, which can be found in some motels. • He might miss being surrounded by as much nature (bird song as he wakes, etc) as he would experience at the camping site, and this might make the holiday less enjoyable for him.

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<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • identifying that the scholarship will increase Dane’s income • identifying motels as luxuries • identifying camping accommodation as inferior goods • defining luxury goods • defining inferior goods • explaining the changes in demand for both types of accommodation • explaining flow-on effect(s) for Dane. 	<p>Detailed explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> • why motels are luxury goods and camping accommodation are inferior goods • the effect of the scholarship on the demand for both types of accommodation • flow-on effect(s) for Dane. <p>Candidate uses detailed explanations and makes some reference to the graph.</p>	<p>Comprehensive explanation, which includes fully explaining:</p> <ul style="list-style-type: none"> • luxury and inferior goods in relation to Dane’s accommodation choices in response to his extra funding from the scholarship • why demand for the two types of accommodation would change, with reference to the graphs • a positive AND a negative flow-on effect for Dane. <p>Candidate refers to the changes in the graphs and uses correct economic terminology.</p>

Cut Scores

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