

**Assessment Schedule – 2017****Economics: Demonstrate understanding of consumer choices, using scarcity and/or demand (90983)****Assessment Criteria**

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

**Cut Scores**

<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
0 – 6	7 – 13	14 – 18	19 – 24

**Evidence**

Question	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>One</b>				
(a)	<p>Time is a limited resource for Bella because she has unlimited/multiple activities she wants to do, such as bungy jumping, sky diving, white water rafting, and jet boating etc, but she has only a limited amount of time (24 hours in a day over 10 days) in which to do these activities, as well as the time needed to travel around the South Island. This illustrates the idea of scarcity (limited means versus unlimited wants).</p> <p>Bella will need to choose which activities she spends her time on, as she does not have time to complete them all. When Bella chooses one activity over another (e.g. choosing bungy jumping over sky diving), then she has to give up her next best alternative, which is defined as her opportunity cost. For example, choosing bungy jumping might mean that she has to sacrifice spending her time sky diving.</p>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> <li>describing scarcity</li> <li>defining opportunity cost</li> <li>defining the term 'values'</li> <li>describing/identifying the value expressed by Bella's homestay mum and Bella</li> <li>explaining a compromise.</li> </ul>	<p>Provides a detailed explanation, which includes:</p> <ul style="list-style-type: none"> <li>explaining why time is a scarce resource</li> <li>explaining opportunity cost</li> <li>explaining the conflict between Bella's and her homestay mum's values</li> <li>fully explaining the compromise(s) Bella could make to resolve the conflict.</li> </ul> <p>Uses detailed explanations, mostly in context.</p>	<p>Provides a comprehensive explanation, which includes:</p> <ul style="list-style-type: none"> <li>the concepts of scarcity, choice, and opportunity costs in the context of Bella's options and time as a scarce resource</li> <li>the conflict between Bella's and her homestay mum's values and TWO compromises to resolve the conflict.</li> </ul> <p>Uses integrated explanations in context and uses correct economic terminology.</p>
(b)	Values are those ideas/beliefs that people consider important in their lives, and that influence their decisions or choices.			
(c)	Bella's homestay mum is valuing education.			
(d)	Bella is valuing having fun/learning about the South Island of New Zealand/experiencing adrenaline-fuelled activities/having adventures.			

Question	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
One (e)	<p>The conflict that has arisen between Bella and her homestay mum is that the school holidays are for only two weeks and the trip that Bella has planned is taking up 10 days of that holiday – leaving only four days for Bella to study (rest/relax/work, etc).</p> <p><i>Possible compromises: (Compromises must be about the two values given by the candidate in (c) and (d).)</i></p> <ul style="list-style-type: none"> <li>• Bella could stay at home in the October holidays to study before her NCEA exams and take the tour later in the year.</li> <li>• Bella could take a shorter holiday of just one week, leaving one week to study.</li> <li>• Bella could take her school work with her and study in the down time of the trip (e.g. during travel or evenings).</li> <li>• Bella could tour her local city so that she could have more time to study instead.</li> <li>• Bella could find adrenaline-filled activities closer to her homestay so she saves time by not travelling as much and can then study also.</li> </ul>			

N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, with partial explanations.	Most Achievement evidence, with 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.

Question	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>TWO</b>				
(a) (b)	<i>See Appendix for graphs</i>	Demonstrates understanding by: <ul style="list-style-type: none"> <li>drawing the graph with FIVE correct requirements (from: title, price (\$), quantity, points correct, <b>D</b> label, scales correct)</li> <li>identifying accurate movement up the demand curve (dotted lines, arrows, labels)</li> <li>describing the law of demand</li> <li>explaining a decrease in the number of snowboarding trips demanded</li> <li>explaining flow-on effect.</li> </ul>	Provides a detailed explanation, which includes fully explaining: <ul style="list-style-type: none"> <li>the law of demand, with some reference to the information in the table or the graph</li> <li>the decrease in the number of snowboarding trips taken by Bella</li> <li>the flow-on effect for Bella.</li> </ul> Uses detailed explanations and makes some reference to the graph or table.	Provides a comprehensive explanation, which includes fully explaining: <ul style="list-style-type: none"> <li>the law of demand in the context of the number of snowboarding trips taken by Bella (with reference to the graph and /or the table)</li> <li>the flow-on effect for Bella.</li> </ul> Refers to changes in the graph and uses correct data and economic terminology.
	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, if the price of snowboarding trips increased from \$550 ( <b>P</b> ) to \$600 ( <b>P<sub>1</sub></b> ) per trip, Bella would decrease her quantity demanded of snowboarding trips from 15 trips ( <b>Q</b> ) to 10 trips ( <b>Q<sub>1</sub></b> ) per year. This is because with her given income, she could then not afford to go on as many trips, i.e. snowboarding trips would have become less <b>affordable</b> . Bella may choose to spend her money on something else (e.g. going to the hot pools) that would then be relatively cheaper (substitute effect).			
(d)	Possible flow-on effects: <ul style="list-style-type: none"> <li>Bella’s friends might become better at snowboarding than she is, so she would lose her snowboarding buddies</li> <li>Bella might get better results in NCEA because she would have more time to do homework / study</li> <li>Bella might put the extra money that she would have spent on snowboarding trips into savings</li> <li>Bella might get to visit more local tourist attractions because she would not be spending time on travel or visiting non-local attractions.</li> </ul>			

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Question	Sample Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>THREE</b>				
(a)	A luxury good is one that is not essential but adds to the quality of life. Luxury goods are often of higher quality and more likely to be purchased when one has a higher income. In this case, Bella, as her income rises, is likely to choose a helicopter flight over a guided walk if she can afford to do so.	Demonstrates understanding by: <ul style="list-style-type: none"> <li>explaining why helicopter flights are a luxury good</li> <li>identifying that bungee jumps and helicopter flights are substitutes</li> <li>identifying movement upwards along the demand curve for helicopter flights</li> <li>shifting right of demand curve for bungee jumps</li> <li>explaining why bungee jumps demanded is higher</li> <li>describing a flow-on effect for Bella.</li> </ul>	Provides a detailed explanation, which includes: <ul style="list-style-type: none"> <li>explaining why helicopter flights are a luxury good, compared to guided walks for Bella, i.e. purchase more of these when income is higher</li> <li>explaining that bungee jumps and helicopter flights are substitutes, in terms of goods being used in place of each other</li> <li>fully explaining shift right of the demand curve for bungee jumps, with some reference to the graph</li> <li>explaining ONE flow-on effect.</li> </ul> Uses detailed explanations and makes some reference to the graphs.	Provides a comprehensive explanation, which includes: <ul style="list-style-type: none"> <li>fully explaining substitutes, in terms of a bungee jump being used in place of helicopter flights as a thrill-seeking activity in the context of Bella, with reference to graph changes</li> <li>fully explaining ONE flow-on effect for Bella.</li> </ul> Refers to changes in the graphs and uses correct economic terminology.
(b)	Bungee jumps and helicopter flights are substitute goods – goods that can be used in place of one another.			
(c)	<i>See Appendix for graphs</i>			
(d)	When the price of helicopter flights increases from <b>P</b> to <b>P<sub>1</sub></b> , the quantity demanded of helicopter flights decreases from <b>Q</b> to <b>Q<sub>1</sub></b> , and Bella will increase her <b>demand</b> for bungee jumps, since she has more money left over to spend, and she substitutes bungee jumps for helicopter flights.  The increase in <b>demand</b> for bungee jumps is shown by a <b>shift</b> of the demand curve right from <b>D</b> to <b>D<sub>1</sub></b> , meaning more bungee jumps will be demanded at each and every price.			
(e)	<i>Possible flow-on effects:</i> <ul style="list-style-type: none"> <li>Bella might never get to see the Franz Josef Glacier by helicopter, as she missed her opportunity</li> <li>Bella might injure herself by doing the extra bungee jump</li> <li>Bella might take the opportunity to see the Franz Josef Glacier in another way, e.g. school geography trip.</li> </ul>			

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**Appendix: Graphs**

Question Two (a) and (b)	Question Three (c)									
<p>Bella's demand curve for snowboarding trips (annually)</p> <table border="1"> <caption>Data points for Bella's demand curve for snowboarding trips</caption> <thead> <tr> <th>Quantity (trips)</th> <th>Price (\$)</th> </tr> </thead> <tbody> <tr> <td>10</td> <td>600</td> </tr> <tr> <td>15</td> <td>550</td> </tr> <tr> <td>20</td> <td>400</td> </tr> </tbody> </table>	Quantity (trips)	Price (\$)	10	600	15	550	20	400	<p>Bella's annual demand for helicopter flights</p>	<p>Bella's annual demand for bungy jumps</p>
Quantity (trips)	Price (\$)									
10	600									
15	550									
20	400									