

Assessment Schedule – 2017**Economics: Demonstrate understanding of producer choices using supply (90985)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrate understanding involves:</i></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><i>Demonstrate in-depth understanding involves:</i></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><i>Demonstrate comprehensive understanding involves:</i></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.

Cut Scores

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

Evidence

Question	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
ONE				
(a) (b)	<i>See Appendix.</i>			
(c)	<p>The law of supply states that as the price of a good rises, the quantity supplied of that good will also rise, ceteris paribus. Ceteris paribus means that any other factor affecting the supply of that good is held constant.</p> <p>In this case, the price of roses was \$24 and the quantity supplied was 13 000 bunches of roses; when the price increased to \$30, <i>Ruahine Blooms</i> increased their quantity supplied to 19 000 bunches of roses.</p> <p>As the price of roses increases, selling roses becomes more profitable for <i>Ruahine Blooms</i>; this is because the revenue earned is increasing and so <i>Ruahine Blooms</i> is better able to cover costs / gap between revenue and costs is increasing. Therefore, <i>Ruahine Blooms</i> will increase their quantity supplied to increase their profits.</p>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • 5 / 6 possible correct answers • identifying accurate movement up the supply curve (dotted lines, labels, arrows) • describing the law of supply • stating ceteris paribus in context • explaining an increase in the quantity of roses supplied • explaining ONE flow-on effect. 	<p>Provides a detailed explanation, mostly in context, which includes:</p> <ul style="list-style-type: none"> • full explaining the law of supply, with the idea of increased profitability and with some reference to the information in the table or the graph • describing ceteris paribus in the context of supply • fully explaining ONE flow-on effect for <i>Ruahine Blooms</i>. 	<p>Provides a comprehensive explanation, which uses economic terminology correctly, and includes:</p> <ul style="list-style-type: none"> • fully explaining the law of supply in the context of the number of roses supplied by <i>Ruahine Blooms</i>, referring to increased profitability with revenue and cost (with reference to the graph and / or the table) • fully explaining ONE flow on-effect for <i>Ruahine Blooms</i> • fully explaining ceteris paribus in the context of supply, using an example.
(d)	<p><i>Possible explanations for flow-on effects are:</i></p> <ul style="list-style-type: none"> • Because <i>Ruahine Blooms</i> is now supplying more roses, they will need to train/hire more staff to cope with the increased production. • <i>Ruahine Blooms</i> may buy/lease larger premises so that they have enough space, in order to grow the 19,000 bunches of roses each month • To prepare for the increase in production of roses, the firm may need to buy more supplies (e.g., rose bushes, wrapping paper for roses). • As a result of the firm's greater profit levels, due to the increased price and production of roses, David might invest in a new glasshouse. • David might now revamp the firm's website to focus more on the roses they sell, due to the higher price that roses now fetch. 			

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	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
TWO				
(a)	<p>For <i>Ruahine Blooms</i>, roses and carnations are related goods.</p> <p>A related good is a good that can be produced with similar resources. Roses and carnations are related goods because they are both flowers that require land, a similar climate / growing conditions, and people to pick and grade the blooms, and would face similar laws and regulations.</p>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • identifying roses and carnations as related goods • explaining related goods • shifting the supply curve for carnations to the left 	<p>Provides a detailed explanation, which includes:</p> <ul style="list-style-type: none"> • showing the shift in the supply curve for carnations correctly, with appropriate labelling • fully explaining the decrease in supply of carnations with relative profitability idea OR switching of resources 	<p>Provides a comprehensive explanation, which uses economic terminology correctly, refers to the graph, and includes:</p> <ul style="list-style-type: none"> • fully explaining the link between the increased price of roses and a decreased supply of carnations using relative profitability AND switching of resources
(b)	<i>See Appendix.</i>	<ul style="list-style-type: none"> • explaining decrease in supply of carnations, as roses become more profitable 	<ul style="list-style-type: none"> • fully explaining ONE flow-on effect for Ruahine Blooms. 	<ul style="list-style-type: none"> • fully explaining ONE flow-on effect for Ruahine Blooms.
(c)	<p>Growing carnations would be relatively less profitable for <i>Ruahine Blooms</i> than growing roses after the price of roses went up. <i>Ruahine Blooms</i> would increase the quantity of roses supplied to the market when the price for roses goes up. To grow more roses, now that they have become more profitable in comparison to carnations, <i>Ruahine Blooms</i> would swap some of the land and resources currently used for growing carnations and instead, use them for growing roses. This means that <i>Ruahine Blooms</i> would decrease their supply of carnations, shifting the supply curve to the left from S to S₁.</p>	<ul style="list-style-type: none"> • explaining ONE flow-on effect for Ruahine Blooms. 		<ul style="list-style-type: none"> • fully explaining ONE flow-on effect for Ruahine Blooms.

Question	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
Two (d)	<p><i>Possible explanations for flow-on effects are:</i></p> <ul style="list-style-type: none"> • Because some staff may have been more involved in growing carnations, David may get them more training in rose cultivation. • Since the firm now produces more roses for sale, they might change the advertising to focus more on roses/ increase their roses advertising in February for Valentines Day. • They may change the mix of packaging materials they buy, now that <i>Ruahine Blooms</i> grows more roses, because roses and carnations might have different packaging requirements. • As a result of growing more roses and less carnations, <i>Ruahine Blooms</i> will purchase more rose fertiliser and less carnations fertiliser, as roses need the right type of fertiliser, which is different to fertiliser that carnations need. 			

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.

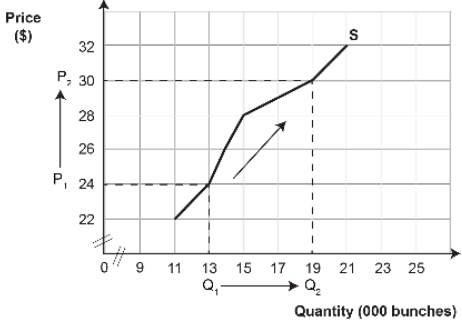
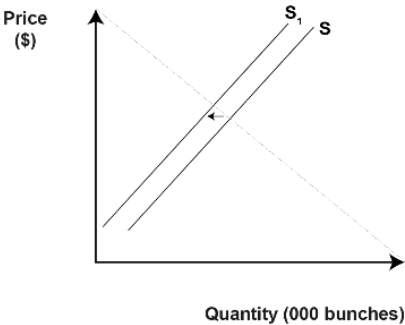
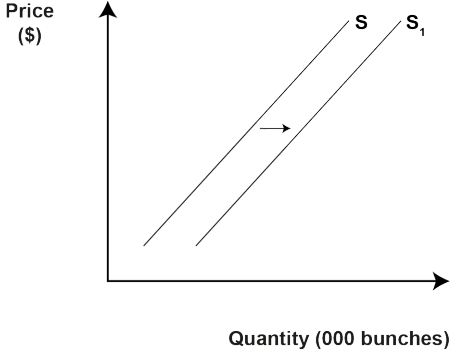
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Question	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
THREE				
(a)	<i>See Appendix.</i>			
(b)	<p>Productivity is the rate of output (production), measured as output per unit of input. The new glasshouse reduces damage to plants from the environment and pests. Because of this, having the glasshouse will mean that productivity rises because production/output will increase using the same inputs (number of plants), as fewer roses are spoiled or die. More roses that are good enough to sell are grown on each plant. The rate of production (productivity) will also rise because the glasshouse is perfect for the roses to grow in, so they will grow faster. Because roses can be grown all year round in the glasshouse, the amount of production will also rise. Some costs may also fall – for example, pest control treatments.</p> <p>The increased productivity means that growing roses will become more profitable. This can happen in two ways, because profit is revenue minus costs. Since the glasshouse environment guarantees reliable production, revenue will rise because there will be more undamaged roses that are good enough to be sold (revenue is quantity sold multiplied by price). Also, the costs of production will fall and make growing roses more profitable because money no longer has to be spent on pest control. The increased profitability results in <i>Ruahine Blooms</i>’ being more willing and able to supply a greater quantity of roses at each and every price and is shown by a shift of the supply curve to the right from S to S₁ (increased supply).</p>	<p>Demonstrates understanding by:</p> <ul style="list-style-type: none"> • shifting supply curve to the right • defining productivity • defining production • stating / explaining that the glasshouse will increase productivity OR production • stating that the glasshouse will increase the supply of roses. • Stating that the glasshouse will increase profitability 	<p>Provides a detailed explanation which includes:</p> <ul style="list-style-type: none"> • showing the shift correctly, with appropriate labelling • fully explaining how the glasshouse will increase productivity and/or production, leading to an increase in profitability, and supply. 	<p>Provides a comprehensive explanation, which uses economic terminology correctly, and includes:</p> <ul style="list-style-type: none"> • fully explaining how the glasshouse will increase productivity and profitability (idea of revenue minus lower costs), and supply • referring to the shift in the supply curve, the idea that quantity supplied at every price will increase.

N1	N2	A3	A4	M5	M6	E7	E8
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Appendix

Question One (a)	Question One (b)	Question Two (b)	Question Three (a)														
<p><i>Ruahine Blooms'</i> supply schedule for roses (monthly)</p> <table border="1" data-bbox="114 389 488 769"> <thead> <tr> <th>Price (\$)</th> <th>Quantity (000 bunches)</th> </tr> </thead> <tbody> <tr> <td>32</td> <td>21</td> </tr> <tr> <td>30</td> <td>19</td> </tr> <tr> <td>28</td> <td>15</td> </tr> <tr> <td>26</td> <td>14</td> </tr> <tr> <td>24</td> <td>13</td> </tr> <tr> <td>22</td> <td>11</td> </tr> </tbody> </table>	Price (\$)	Quantity (000 bunches)	32	21	30	19	28	15	26	14	24	13	22	11	<p><i>Ruahine Blooms'</i> supply curve for roses (monthly)</p> 	<p><i>Ruahine Blooms'</i> supply curve for carnations (monthly)</p> 	<p><i>Ruahine Blooms'</i> supply of roses (annually)</p> 
Price (\$)	Quantity (000 bunches)																
32	21																
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