

Assessment Schedule – 2023**Economics: Demonstrate understanding of macro-economic influences on the New Zealand economy (91403)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrating understanding of macro-economic influences on the New Zealand economy involves:</i></p> <ul style="list-style-type: none"> • providing an explanation of the current state of the New Zealand economy in relation to macro-economic goals • identifying, defining, calculating, and describing or providing an explanation of macro-economic influences on the New Zealand economy • using an economic model(s) to illustrate concepts relating to macro-economic influences on the New Zealand economy. 	<p><i>Demonstrating in-depth understanding of macro-economic influences on the New Zealand economy involves:</i></p> <ul style="list-style-type: none"> • providing a detailed explanation of macro-economic influences on the New Zealand economy • using an economic model(s) to illustrate complex concepts and / or support detailed explanations of macro-economic influences on the New Zealand economy. 	<p><i>Demonstrating comprehensive understanding of macro-economic influences on the New Zealand economy involves:</i></p> <ul style="list-style-type: none"> • comparing and / or contrasting: <ul style="list-style-type: none"> - the effectiveness of one government policy in achieving different macro-economic goals and / or the effectiveness of different government policies in achieving one macro-economic goal - the impacts of one macro-economic influence on the New Zealand economy in relation to different macro-economic goals and / or the impacts of different macro-economic influences on the New Zealand economy in relation to one macro-economic goal • integrating an economic model(s) into explanations of macro-economic influences on the New Zealand economy that compares and / or contrasts the impacts on macro-economic goal(s).

Evidence

Q1	Sample evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)(i)	See Appendix.	<ul style="list-style-type: none"> • DNZ\$ shifted right OR SNZ\$ shifted left - changes in R and curves fully labelled. 	<ul style="list-style-type: none"> • DNZ\$ shifted right AND SNZ\$ shifted left - changes in R and curves fully labelled. 	
(ii)	<p>An increase in the OCR will cause the demand for the NZ\$ to increase from DNZ\$ to DNZ₁. This is because a higher OCR leads to higher interest rates in New Zealand, making the NZ\$ a relatively more profitable investment for overseas investors. This will lead to higher demand for the NZ\$ since foreign investors need to buy New Zealand dollars to invest in New Zealand. At the same time, the supply of the NZ\$ will fall as more investors (New Zealand and foreign) keep their savings in New Zealand rather than invest overseas, meaning fewer New Zealand dollars are sold off to the market to buy foreign currency.</p> <p>More demand and less supply of the NZ\$ will lead to an appreciation of the NZ\$ from R to R1.</p> <p>An appreciation of the NZ\$ means more foreign currency is required to buy NZ\$ and vice versa. A higher dollar is less beneficial for the trade balance as it tends to encourage imports over exports.</p> <p>It causes the value of export receipts to fall when converted into NZ\$ (or makes exports relatively more expensive as more foreign currency is required to buy NZ\$). A higher exchange rate also means imports become relatively cheaper.</p>	<p>Explains, with a valid reason for each point:</p> <ul style="list-style-type: none"> • increased D for NZ\$ OR decreased S for NZ\$ • a higher NZ\$ is less beneficial for trade as it reduces X • a higher NZ\$ is less beneficial for trade as it increases M. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> • increased D for NZ\$ with detailed reason with some reference made to graph one. <p>OR</p> <p>decreased S for NZ\$ with detailed reason with some reference made to Graph one.</p> <p>AND</p> <ul style="list-style-type: none"> • a higher NZ\$ is less beneficial for trade as it reduces X. <p>OR</p> <p>a higher NZ\$ is less beneficial for trade as it increases M.</p> <p>With a detailed reason.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • increased D for NZ\$ and decreased S for NZ\$, with valid reasons. <p>AND</p> <ul style="list-style-type: none"> • a higher NZ\$ is less beneficial for trade as it reduces X and increases M, with detailed reasons. <p>Uses correct economic terminology and makes accurate references to Graph One.</p>
(b)(i)	See Appendix.	<ul style="list-style-type: none"> • AD shifted left (decrease), lower price level and output. Changes fully labelled OR AS shifted right (increase). <p>Price level must fall.</p>	<ul style="list-style-type: none"> • AD shifted left (decrease) And AS shifted right (increase) shown. Changes must be fully labelled. <p>The decrease in AD should be bigger than the increase in AS. Price level must fall.</p>	

<p>(b)(ii)</p>	<p>An increase in the OCR will cause interest rates to increase in New Zealand. This will lead to a fall in domestic demand or C and I in the AD equation from AD to AD₁. Consumption (C) will fall since higher interest rates will cause savings to increase as the opportunity cost of spending will rise as the return on savings increases, or debt repayments will increase for those on a fixed interest rate leading to decreased discretionary spending, or the cost of borrowing will rise leading to a fall in spending and consumption. Investment spending (I) is also likely to fall since higher interest rates increase the cost of borrowing making investment more expensive / reducing potential profits from investments (current costs outweigh potential returns).</p> <p>As a result of both C and I falling, aggregate demand will fall from AD to AD₁, the fall is significant since C is the largest component of domestic demand. Also, the increasing OCR can have a negative effect on net exports as explained in Q1(a)(ii) so leading to more components of AD falling, leading to a large shift inwards and deflationary pressure reducing the price level from PL to PL₁, helping to achieve price stability.</p> <p>Also, export receipts will fall as exports are now relatively less price competitive, with an appreciated exchange rate, and import payments will increase as imported goods are more price competitive than domestic goods. Net exports (X-M) fall and AD falls.</p> <p>Also, AS shifts right to AS₁ as the cost of imported raw materials falls due to the appreciated exchange rate. Fewer NZ\$ are required to pay foreign currency prices</p>	<p>Explains:</p> <ul style="list-style-type: none"> • fall in AD due to falls in C OR I, OR X–M, OR increase in AS, with at least one valid reason explained. • PL will fall / deflation occur. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> • fall in AD due to falls in C OR I, OR X–M, OR increase in AS, with detailed reasons. • PL will fall / deflation occur helping to achieve price stability. <p>Some reference is made to Graph Two.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • fall in AD due to falls in C and I with at least two detailed reasons for C and one for I • PL will fall / deflation will occur due to the large shift in AD due to the size of C and / or the fall in X–M (as well as increase in AS) helping to achieve price stability. <p>Uses correct economic terminology and makes accurate references to Graph Two.</p>
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<p>(c)</p>	<p>Price stability refers to keeping inflation low – between 1–3% p.a. increases in the CPI on average and in the medium term.</p> <p>Price stability is seen as positive for trade as:</p> <ul style="list-style-type: none"> • A low inflation rate helps exporters by keeping their costs of production in New Zealand low, meaning they can be more profitable and competitive in the world market where they are a price taker so have limited ability to pass on rising costs. • For local firms producing for the domestic market (producing import substitutes), a lower inflation rate in New Zealand helps them to compete with imports, which may be cheaper, by driving down costs. • While the OCR increasing may cause the exchange rate to appreciate this may have benefits for both exporters and importers by reducing the cost of imported materials that could be used in production, helping to maintain or increase profit margins in a time of rising costs due to inflation. <p>So, while the OCR is likely to cause the exchange rate to appreciate, from R to R₁ in graph one, the impact on the trade balance is assisted by greater price stability as seen by the decrease in AD to AD₁ and slight increase in AS to AS₁ on Graph Two. This leads to large deflation pressure, seen by the fall in PL to PL₁, meaning the OCR increase can be effective in achieving both price stability and a favourable trade balance.</p> <p>OR</p> <p>While the OCR has potential negative effects for trade via an appreciation of the exchange rate, as seen by the increase in R to R₁ on Graph One, a higher exchange rate has more positive impacts in helping to decrease costs for all firms in New Zealand, leading to increased aggregate supply from AS to AS₁ in Graph Two. This assists in reducing the inflation rate significantly from PL to PL₁ helping to reach the 1–3% target band.</p> <p>OR</p> <p>While the OCR increasing may cause an appreciation of the New Zealand dollar, R to R₁ in Graph One there are many other factors that affect the exchange rate, such as</p>	<p>Explains:</p> <ul style="list-style-type: none"> • price stability OR gives a valid reason why price stability is beneficial for the trade balance. <p>Explanation could cover change to AS or X–M in graph Two.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • Price stability correctly AND at least one reason why price stability is favourable for the trade balance. <p>Explanation could cover change to AS or X–M in graph Two.</p> <p>Some reference is made to Graph One or Two.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • Why price stability is beneficial for the trade balance which either links inflation with lower costs for firms and/or how a higher exchange rate can reduce costs for firms. Explanation could cover change to AS or X–M in Graph Two. <p>Uses correct economic terminology and makes accurate references to Graph One and Two.</p> <p>This must include the correct definition of the PTA and should refer to AS changes in Graph Two if referring to reduced costs for firms.</p>
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demand for exports or imports or factors that determine investment in New Zealand. This means changes to the supply or demand of the NZ\$ may be different mitigating any appreciation.			
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N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence. Must refer to Graph One or Graph Two.	Most Merit evidence.	Excellence evidence. One part may be weaker. Integrates relevant information from Graph One and Graph Two into answer.	All points covered.

N0 = No response; no relevant evidence.

Q2	Sample evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>Significant cost pressures will lead to aggregate supply decreasing from AS_1 to AS_2. This is because the significant cost pressures, such as the rising fuel and commodity costs, and increasing wage pressure, will be experienced by almost all firms in the economy and reduce their profitability and viability. To retain profit margins, firms will need to either cut back costs or production or alternatively pass on the costs to consumers by way of higher prices for lower output. As a result, there will be significant decrease in output from Y_1 to Y_2 on Graph Three, meaning economic growth is negatively affected (falls) since real GDP has fallen.</p>	<p>Explains:</p> <ul style="list-style-type: none"> costs reduce aggregate supply, with a valid reason why, and output / RGDP decreases, and economic growth decreases or is negatively affected. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> costs reduce aggregate supply, with a detailed reason that refers to profitability and how cost is passed on / reduced and output / RGDP falls, and economic growth falls or is negatively affected. <p>Some reference is made to Graph Three.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> costs reduce aggregate supply, with a detailed reason that refers to profitability and how cost is passed on / reduced and output / RGDP falls, and economic growth falls or is negatively affected. <p>Includes the idea that most firms affected / widespread costs.</p> <p>Uses correct economic terminology and makes accurate references to Graph Three and resource material.</p>
(b)(i)	See Appendix.	<ul style="list-style-type: none"> AD shifted left (decrease), lower price level and output. <p>All changes fully labelled.</p>		
(ii)	<p>Falling domestic confidence is likely to cause aggregate demand to fall from AD_1 to AD_3, because of falls in C and I.</p> <p>Consumer confidence falling tends to lead to households putting off spending plans and saving more as they are less optimistic about the future (i.e. rising costs, job losses, and income falling). This can lead to a fall in consumption (C). Business confidence also falling is likely to lead to a fall in investment spending as firms put off current projects or cancel investment plans for new capital due to expectations of future profits being lower (or costs being higher). As a result of both C and I falling (with no change in G or $X-M$) in the AD equation, AD falls to AD_3.</p> <p>This also leads to a further fall in economic growth as output falls further from Y_1 to Y_3, a fall in real GDP. The outcome for price stability is more positive as it assists in providing deflationary pressure as seen by the decrease in the price level from PL to PL_3, helping to reduce inflationary pressure. The decrease in the price level (PL_1</p>	<p>Explains:</p> <ul style="list-style-type: none"> confidence decreases AD and a valid reason why (C or I), and price level falls and helps achieve price stability fall in confidence is better for price stability than it is for economic growth, as PL falls, reducing inflation. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> confidence decreases AD, with detailed reasons for C and I, and price level falls and helps achieve price stability <p>AND</p> <p>fall in confidence better for price stability as PL falls, reducing inflation and economic growth negative as Y falls.</p> <p>Some reference is made to Graph Four.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> confidence decreases AD, with detailed reasons for C and I that includes examples of why not confident / why affects spending, and price level falls and helps achieve price stability <p>AND</p> <p>fall in confidence leads to a greater fall in PL than fall in Y, with a reason why, and reduces inflation which helps to achieve price stability, but output fall decreased economic growth.</p> <p>Uses correct economic terminology and makes</p>

	<p>to PL₃) is also larger than the fall in output (Y₁ to Y₃) as the economy is operating close to full employment (Y_f) at Y₁ / PL₁ as firms experience cost savings from cutting output (i.e. not paying overtime or recruitment costs) which means they can pass on to consumers via lower prices (to reduce risk of surpluses) and / or more can be supplied at a lower price level.</p>			<p>accurate references to Graph Four.</p>
<p>(c)</p>	<p>The significant cost pressures risk stagflation, as shown by Graph Three that shows the reduced economic growth by the fall in Y₁ to Y₂, but also increased inflation (creates cost push inflation) with the rise in the price level from PL to PL₂. This would concern the Government, as any efforts to reduce inflation, for example by increasing the OCR (tight monetary policy) or reducing government spending (tight fiscal policy), would come at the cost of further reductions in economic growth that could lead to further reductions in employment and a difficult recession. With falling domestic confidence, a recession is also likely as output falls, as seen by the fall in Y₁ to Y₃ on Graph Four, but this is offset by deflationary pressure, seen by the fall in the price level to PL₃, leading to a more manageable recession.</p> <p>OR</p> <p>The significant cost pressures are largely external to the economy, i.e. fuel and commodity costs are dictated by the world economy / market so are outside of the Government's control, whereas falling domestic demand can be manipulated via fiscal or monetary policy and so can reduce the severity of any recession (i.e. reduce the fall in Y₁ to Y₃ on Graph Four).</p> <p>The significant cost pressures, in addition to being external influences, will also increase the severity of any recession by potentially increasing inflation and unemployment, and decreasing economic growth.</p> <p>OR</p> <p>The fall in domestic confidence is only one factor that affects consumption and investment. It may not lead to the expected fall in aggregate demand to AD₃ on Graph Four, or the fall may be less, meaning that the fall in output to Y₃ is less or minimal. Rising cost pressures for firms are significant and likely to last for a long time</p>	<p>Explains:</p> <ul style="list-style-type: none"> • significant cost pressures create risk of stagflation, i.e. price level (PL) increases while output (Y) falls, which makes a recession worse (makes a link / reference to the definition of stagflation and idea of recession being worse) • significant cost pressures are external influences so are outside the Government's ability to control, while domestic confidence is an internal influence so is in the Government's ability to control. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> • significant cost pressures create risk of stagflation which makes a recession worse, with a detailed reason (refers to the definition of stagflation) <p>AND</p> <p>falling domestic demand leads to a more manageable recession due to lower cost pressures.</p> <p>OR</p> <p>significant cost pressures are external influences so outside the Government's ability to control, while domestic confidence is an internal influence so is in the Government's ability to control (both explained with a reason and should also link to idea of stagflation and impact on likely recession).</p> <p>Some reference is made to Graph Three or Four.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • Significant cost pressures create risk of stagflation, which makes a recession worse, with a detailed reason (refers to the definition of stagflation) <p>AND</p> <p>falling domestic demand leads to a more manageable recession due to lower cost pressures and the Government can use monetary and fiscal policies to encourage demand.</p> <p>OR</p> <p>significant cost pressures are external influences so are outside the Government's ability to control, while domestic confidence is an internal influence so is within the Government's ability to control (both explained with a reason and should also link to idea of stagflation and impact on likely recession).</p> <p>Uses correct economic terminology and makes accurate references to Graphs Three and Four.</p>

	<p>meaning that the inflationary pressure seen by the increase in the price level to PL_2 on Graph Three may last a long time, making a potential recession more costly.</p>			
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N1	N2	A3	A4	M5	M6	E7	E8
<p>Very little Achievement evidence.</p>	<p>Some Achievement evidence, partial explanations.</p>	<p>Most Achievement evidence.</p>	<p>Nearly all Achievement evidence.</p>	<p>Some Merit evidence.</p> <p>Must refer to Graphs Three and Four.</p>	<p>Most Merit evidence.</p>	<p>Excellence evidence.</p> <p>One part may be weaker.</p> <p>Integrates relevant information from Graphs Three and Four.</p>	<p>All points covered.</p>

N0 = No response; no relevant evidence.

Q3	Sample evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)(i)	<p>The terms of trade is the ratio of export prices to import prices. It measures the purchasing power of New Zealand's exports. Although export prices rose 3.1%, import prices rose by more at 6.3%.</p>	<p>Defines</p> <ul style="list-style-type: none"> terms of trade <p>OR</p> <p>explains import prices rose by more than export prices.</p>	<p>Defines:</p> <ul style="list-style-type: none"> terms of trade <p>AND</p> <p>explains in detail that import prices rose by more than export prices (should refer to % from resource material).</p>	
(ii)	<p>A fall in the terms of trade could mean a fall in employment (or a rise in unemployment) if:</p> <ul style="list-style-type: none"> It results in lower export receipts or volumes for firms. With a lower injection of export receipts into the economy, New Zealand firms could cut back production, decreasing the flow of exports. With less production there will be less demand for resources, decreasing the flow of resources from households to firms and increasing unemployment (or reducing employment). With higher unemployment (or reduced employment), the flow of income to households from firms could also reduce, meaning households have less income to consume or save, leading to lower overall flows in the economy. <p>OR (more intuitive response contextually)</p> <ul style="list-style-type: none"> The 6.3% rise in import prices will increase costs significantly for New Zealand firms who have imported costs of production, i.e. petrol (transport), electronics, steel, etc. This could offset any gains for exports via the higher export prices of 3.1%, which could lead to a reduction in output, i.e. the flow of goods and services generally as well as the flow of exports to the overseas sector. With less produced, there will be less demand for resources, so the flow of resources from households to firms will reduce leading to an increase in unemployment / reduction in employment. This may be worsened by a fall in the flow of Income (Y) to households from firms with lower production levels, leading to a fall in the flow of consumption spending (C). 	<p>Explains:</p> <ul style="list-style-type: none"> less production leads to less demand for resources, increasing unemployment due to a fall in export receipts / production <p>OR</p> <p>less production leads to less demand for resources, increasing unemployment due to a rise in costs due to higher import prices</p> <ul style="list-style-type: none"> relevant example of import or export. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> less production leads to less demand for resources, increasing unemployment due to a fall in export receipts / production (with a detailed reason) <p>OR</p> <p>less production leads to less demand for resources, increasing unemployment due to a rise in costs due to higher import prices (with a detailed reason).</p> <p>Makes some reference to Model One.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> Less production leads to less demand for resources, increasing unemployment due to a rise in costs due to higher import prices which affects all firms (with a detailed reason). <p>Uses correct economic terminology and makes accurate references to Model One and resource material, i.e. export prices are rising but import prices are rising more.</p> <p>Alternatively, could accept a very strong explanation of export receipts falling instead of import prices increasing cost of production, in which case no need for examples of import costs.</p>

<p>(b)(i)</p>	<p>Loosening migration settings refers to letting more people come to live and work in New Zealand by easing up the rules to work in New Zealand, issuing more work visas, and / or making it easier to get permanent residency.</p> <p>This is likely to be positive for employment, as it would help reduce labour (wage or recruitment) costs for firms by encouraging more people to move to New Zealand to live and work, which means more households and more labour that can be supplied to firms.</p> <p>This could reduce costs for firms as with a greater supply of labour wage demands would be lower. Also, less overtime may need to be paid and / or recruitment costs could be lower as there is less competition for workers / labour.</p> <p>With lower costs firms could experience greater profitability and produce more. This would lead to an increase in the demand for resources, i.e. employment, and then a further increase in the flow of income to households. More employment and income could lead to further increases in employment if the flow of consumption also increases.</p> <p>(Accept productivity gains from higher skilled labour reducing costs, the resource material cites nurses and construction workers, think of the generally widespread theory migrants tend to have higher skills too.)</p> <p>OR</p> <p>This is likely to be positive for employment as more people migrate to New Zealand and increase the number of households. This would lead to an increase in the flow of consumption to firms as there are more consumers, with migrants needing accommodation, groceries, transport, etc. With higher consumption, firms will need to increase the flow of goods and services by producing more and demanding more resources from households. This will lead to an increased flow in income from firms to households which could again further increase employment.</p> <p>OR</p> <p>This could be negative in the short term for some households in New Zealand as with more migrants there will be more households and a greater supply of labour,</p>	<p>Explains:</p> <ul style="list-style-type: none"> • loosening migration settings means more workers / households. • it is positive as it means lower costs for firms, which means they produce more and employ more <p>OR</p> <p>it is negative for some households' employment as there is more competition so less demand for their labour.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • loosening migration settings means more workers / households (with a detailed reason) <p>AND</p> <p>it is positive as it means lower costs for firms, which means they produce more and employ more (with a detailed reason)</p> <p>OR</p> <p>it is negative for some households' employment as there is more competition so less demand for their labour (with a detailed reason).</p> <p>Some reference to Model One.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • loosening migration settings means more workers / households (with a detailed reason) <p>AND</p> <p>it is positive as it means lower costs for firms, which means they produce more and employ more (with a detailed reason that links to more workers / households)</p> <p>OR</p> <p>it is negative for some households' employment as there is more competition so less demand for their labour (with a detailed reason that links to more workers / households).</p> <p>Uses correct economic terminology and makes accurate references to Model One and resource material.</p>
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	<p>which could lead to more competition and lower wage demands. This could result in a short-term decrease in employment for some households, potentially those with lower skills, and an increase in unemployment. This could be true as the migration settings are likely to be loosened to encourage migrants with higher skills, such as nurses, and other skills in high demand, like construction workers. This means for households negatively affected there may be a slight fall in the flow of resources from them to firms and a fall in the resulting flow back of income. While this could lead to some falls in the flow of consumption for these households it is likely to be minimal.</p> <p>(Could accept the argument that employment might fall / unemployment might increase but should be short term / small effect.)</p>			
(b)(ii)	<p>The fall in the terms of trade (TOT) is likely to have a smaller short-term effect on employment than loosening migration settings. This is because:</p> <ul style="list-style-type: none"> • The TOT reflects prices that are set by the world supply and demand, and so is subject to change. This means the TOT could subsequently improve, meaning any short-term decrease in production and employment is offset by later increases, and / or costs are absorbed by firms. <p>OR</p> <ul style="list-style-type: none"> • TOT only refers to prices and not trade volumes. While export prices could be rising less than imports, export volumes could be rising more, meaning production needs to be increased for exporters, leading to increased demand for resources from households, increasing this flow and employment. <p>OR</p> <ul style="list-style-type: none"> • Migration settings being loosened indicates firms are experiencing labour shortages and so any increase in costs due to the higher import prices may not lead to reduction in flow of resources (and employment) from households to firms, since firms may prefer to keep staff on rather than having to struggle with recruitment when production picks up. <p>OR</p>	<p>Explains:</p> <ul style="list-style-type: none"> • TOT has a smaller effect with a reason. 	<p>Explains in detail:</p> <ul style="list-style-type: none"> • TOT has a smaller effect with a detailed reason. <p>Some reference is made to Model One.</p>	<p>Explains in detail:</p> <ul style="list-style-type: none"> • TOT has a smaller effect with a detailed reason <p>AND</p> <p>a detailed reason why migration settings have a bigger effect.</p> <p>Uses correct economic terminology and makes accurate references to Model One and resource material.</p>

	<ul style="list-style-type: none"> TOT, while important, only refers to one part of the economy. Migration settings have potential to reduce all firms' costs, as all firms require labour, and increase the size of the household sector, likely increasing the demand for all goods and services. This could mean increases in the flow of consumption to firms, resources to firms and incomes back to households leading to greater employment all round both in the short and long term. 			
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N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence. Must refer to Model One or the resource material.	Most Merit evidence.	Excellence evidence. One part may be weaker	All points covered. Integrates relevant information from Model One and the resource material.

N0 = No response; no relevant evidence.

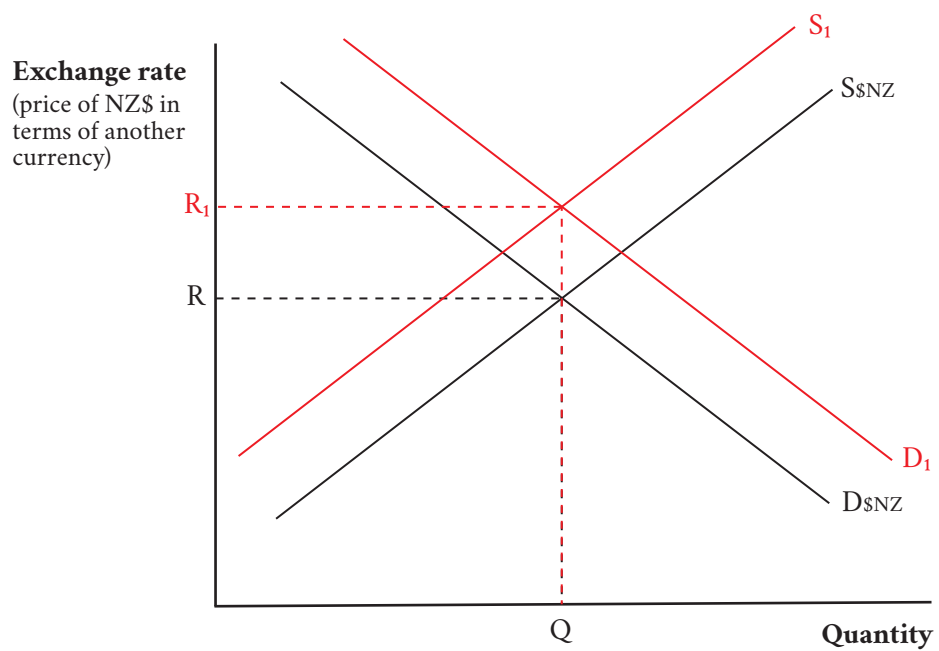
Cut Scores

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

Appendix

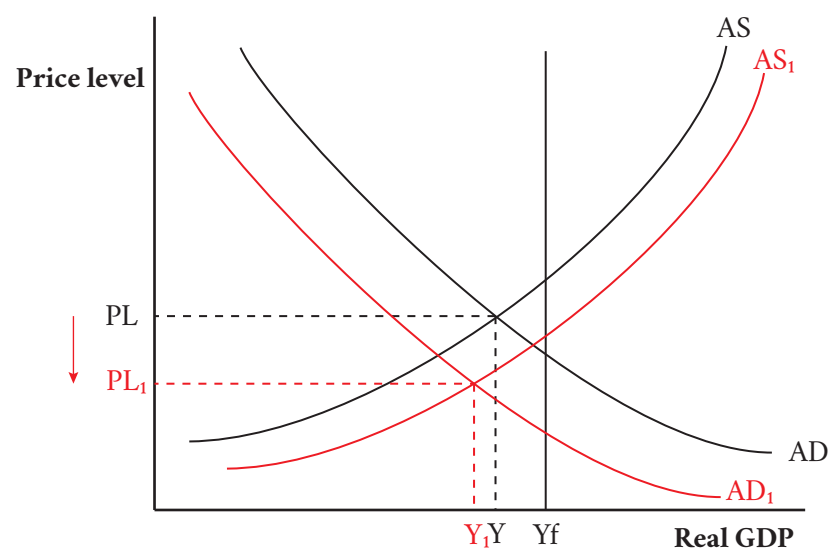
Question One (a)(i)

Graph One: The market for the New Zealand dollar



Question One (b)(i)

Graph Two: The New Zealand economy



Question Two (b)(i))

Graph Four: The New Zealand economy

