SUPERVISOR'S USE ONLY

90983



Level 1 Economics, 2014

90983 Demonstrate understanding of consumer choices, using scarcity and/or demand

9.30 am Monday 24 November 2014 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of consumer choices, using scarcity and/or demand.	Demonstrate in-depth understanding of consumer choices, using scarcity and/or demand.	Demonstrate comprehensive understanding of consumer choices, using scarcity and/or demand.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL parts of ALL questions in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–11 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL

QUESTION ONE: CONSUMER CHOICE

(a)

ASSESSOR'S USE ONLY

Ehsan is a year 13 student who wants to pursue a career as a chef. He works parttime in a café on Saturdays. He also has the following options for using his time after school: playing competitive basketball, spending time with his younger sister, attending cooking lessons, and volunteering at the local charity store.

erial above and link the following: scarcity
choice
opportunity cost.

(b)

Discuss how values might influence the decisions Ehsan makes about how to spend his time. In your answer, refer to the main activities that Ehsan chooses to spend his time on and fully explain:				
•	what is meant by the term values			
•	the most likely activity Ehsan will spend his time doing if he values contributing to the community			
•	the most likely activity Ehsan will spend his time doing if he values his chosen future career path			
•	TWO compromises Ehsan might make to resolve any conflict between the two values.			

QUESTION TWO: LAW OF DEMAND

ASSESSOR'S USE ONLY

Ehsan's cooking lessons are every Tuesday and Thursday. The following is his demand schedule for cooking lessons.

Ehsan's monthly demand for cooking lessons			
Price (\$ per lesson)	Number of lessons demanded		
5	8		
10	7		
15	6		
25	3		
30	1		

(a) Draw a fully labelled demand curve using the information from the demand schedule above.

Title:							

(b) On the graph above, show the effect of the price of cooking lessons changing from \$30 per lesson to \$25 per lesson. Fully label your changes.

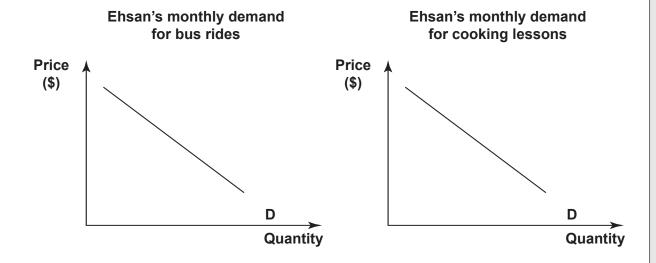
•	reter to the law of demand light data from the table or draph on bade 4	
	refer to the law of demand using data from the table or graph on page 4 fully explain the change in the number of lessons attended by Ehsan	
	fully explain TWO flow-on effects the change in price will have for Ehsan.	
	Tany explain 1110 herr on eneste and enange in price thin have let zineam	

QUESTION THREE: PRICE OF OTHER GOODS AND SERVICES

ASSESSOR'S USE ONLY

Ehsan catches the bus to his cooking lessons. The price of a bus ride has increased significantly.

(a) On the sketch graphs below, show the effect of the increase in the price of a bus ride on Ehsan's monthly demand for bus rides AND on Ehsan's monthly demand for cooking lessons. Fully label the changes you make on the graphs.



(b) Discuss the relationship between Ehsan's demand for bus rides and his demand for cooking lessons.

In your answer:

- explain the relationship between cooking lessons and bus rides for Ehsan
- fully explain the effect of the change in the price of bus rides on Ehsan's monthly demand for bus rides AND his monthly demand for cooking lessons
- fully explain TWO flow-on effects this change in the price of a bus ride may have for Ehsan

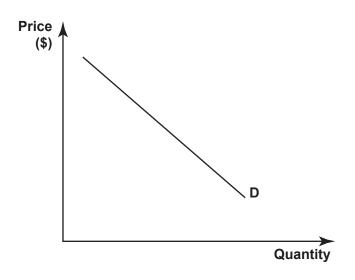
•	refer to the changes you have shown on the sketch graphs above in your answer.				

ASSESSO
ASSESSO USE ONI

There has been a decrease in the income tax rate Ehsan has to pay on his income.

(a) On the sketch graph below, show the effect of the decrease in income tax rate on Ehsan's monthly demand for cooking lessons. Fully label the changes you make on the graph.

Ehsan's monthly demand for cooking lessons



Fully explain how the decrease in the income tax rate will affect Ehsan's monthly demand for cooking lessons. In your answer:				
•				
•	fully explain ONE flow-on effect this change in demand might have for Ehsan's future employment in the hospitality industry			
•	refer to the changes you made on the graph on page 8.			
_				
_				
_				
_				
_				
_				
_				
_				
_				
_				
_				

QUESTION	Extra space if required. Write the question number(s) if applicable.	
QUESTION NUMBER		

NIESTION	I	Extra space if required. Write the question number(s) if applicable.	ASSESSOI USE ONL	R'S LY
QUESTION NUMBER			1	