

Assessment Schedule – 2022**Economics: Demonstrate understanding of how consumer, producer and / or government choices affect society, using market equilibrium (90986)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrate understanding involves:</i></p> <ul style="list-style-type: none"> identifying, describing, or providing an explanation of how producer, consumer, and / or government choices affect market equilibrium identifying, describing, or providing an explanation of how changes in market equilibrium affect different sectors clearly illustrating changes using the supply and demand model. 	<p><i>Demonstrate in-depth understanding involves:</i></p> <ul style="list-style-type: none"> providing a detailed explanation, using the supply and demand model, of how producer, consumer and / or government choices affect market equilibrium providing a detailed explanation, using the supply and demand model, of how changes in market equilibrium affect different sectors. 	<p><i>Demonstrate comprehensive understanding involves:</i></p> <ul style="list-style-type: none"> linking detailed explanations of how producer, consumer, and / or government choices affect market equilibrium, with detailed explanations of how those changes affect different sectors integrating changes in supply and demand into detailed explanations.

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

Evidence

Q1	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a) (b) (c)	<p>Market for potato chips in a secondary school (monthly)</p>	<p>Plots demand and supply curves accurately.</p> <p>Equilibrium price and quantity identified.</p> <p>Correctly identifies:</p> <ul style="list-style-type: none"> the shortage Q_s Q_d. 		
(d) (i)	At a price of \$1.50 per 150g bag, there is a shortage of 65 bags of chips. This occurs because the quantity demanded (100 bags) is greater than the quantity supplied (35 bags).	Explains the shortage, increase in price, and equilibrium being restored.	Explains the shortage, increase in price, and equilibrium being restored – giving a reason for the price increase and referring to the law of demand and the law of supply.	Explains the shortage, increase in price, and equilibrium being restored – integrating the law of demand and the law of supply, referring to affordability, profitability, and relevant data.
(ii)	Consumers will bid the price up from \$1.50 to \$2.50 per 150g bag, to remove the shortage / to obtain stock / so they don't miss out.			
(iii)	As a result of the price increase, the quantity demanded will decrease from 100 to 55 150g bags, as the chips become less affordable (<i>ceteris paribus</i>). This illustrates the law of demand.			
(iv)	As a result of the price increase, the quantity supplied will increase from 35 to 55 150g bags, as the chips become more profitable to supply (<i>ceteris paribus</i>). This illustrates the law of supply.			
(v)	Equilibrium will be restored at a price of \$2.50 per 150g bag, where the quantity supplied now equals the quantity demanded, i.e., 55 150g bags.			

N1	N2	A3	A4	M5	M6	E7	E8
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.
				Uses detailed explanations in context, and mostly correct data.		Uses integrated explanations in context, and correct data and economic terminology.	

N0 = No response; no relevant evidence.

Q2	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>New Zealand annual market for potato chips with per unit tax per 150g bag</p>	<p>New equilibrium quantity correctly identified.</p> <p>Price consumers pay after the tax correctly identified.</p> <p>Price producers receive after the tax correctly identified.</p>		
(b)	\$30 million.	Tax revenue calculated.		
(c)	<p>Consumer spending:</p> <ul style="list-style-type: none"> - before: \$120 million - after: \$105 million <p>Producer revenue:</p> <ul style="list-style-type: none"> - before: \$120 million - after: \$75 million 	Consumer spending OR producer revenue calculated.	Consumer spending AND producer revenue calculated.	
(d) (i)	<p>The price consumers will pay increases from \$3.00 to \$3.50 per 150g bag, as producers will pass on some of the cost of the tax.</p> <p>The price producers receive will drop from \$3.00 to \$2.50, as they will have to pay \$1 tax for each unit sold.</p>	Describes the change in the price consumers pay OR the change in the price producers receive.	Explains with correct data the change in the price consumers pay OR the change in the price producers receive. Must give a reason for the change.	Explains with correct data the change in the price consumers pay AND the change in the price producers receive. Must give a reason for the change.
(ii)	<p>Consumer spending will decrease by \$15 million, from \$3 x 40 million to \$3.50 x 30 million. Consumers are buying fewer bags of chips at a higher price.</p> <p>Producer revenue will decrease by \$45 million, from \$3 x 40 million to \$2.50 x 30 million. Producers are selling fewer bags of chips and receiving a lower price.</p>	States that consumer spending decreases OR producer revenue decreases.	Explains with correct data the change in consumer spending OR the change in producer revenue. Must give a reason for the change.	Explains with correct data the change in the price consumers pay AND the change in the price producers receive. Must give a reason for the change.

(iii)	In the short term the Government will receive \$30 million from the tax, which equals \$1 tax per 150g bag × the new quantity sold (30 million). In the long term the Government will be able to spend this money on, e.g., education and promotion about healthy eating. Also, less money may need to be spent on health issues due to consumers switching to healthier options / snacks.		Explains that the Government will receive more revenue in the short term and gives the correct figure.	Explains the short- and long-term impact on the Government and gives correct figure.
(e)	Society may be healthier, e.g., weight loss or less heart disease, due to less potato chips being consumed as consumers switch to cheaper snacks with a lower saturated fat content. Other valid flow-on effects are acceptable.		Explains a flow-on effect on society.	Fully explains a flow-on effect on society. Includes a valid example.

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				Uses detailed explanations in context, and mostly correct data.		Uses integrated explanations in context, and correct data and economic terminology.	

N0 = No response; no relevant evidence.

Q3	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a) (i) (ii) (iii) (iv)	<p>New Zealand annual market for potato chips</p>	<p>Minimum price line drawn at \$3.50.</p> <p>$Q_d$ and Q_s correctly labelled.</p> <p>Surplus correctly labelled.</p>		
(b)	<p>The price of potato chips will increase from \$3.00 to \$3.50 per 150g bag. This is because \$3.50 is the lowest price producers can legally charge for the chips.</p> <p>As the price has increased, the quantity supplied will increase from 40 million 150g bags to 50 million 150g bags. This is because the chips have become more profitable to produce.</p>	Describes that the price of chips will increase OR that the quantity supplied will increase.	Explains with correct data that the price of chips will increase OR the quantity supplied will increase. Must give a reason for the increase.	Explains with correct data that the price of chips will increase AND the quantity supplied will increase. Must give a reason for the increase.
(c)	<p>The quantity sold will decrease from 40 million to 30 million. This is because the quantity demanded will drop from 40 million to 30 million 150g bags, as chips are now less affordable.</p>		Explains with correct data that the quantity sold will decrease.	Explains with correct data that the quantity sold will decrease because of a decrease in quantity demanded.
(d)	<p>Producers of potato chips will have a 20 million 150g bag surplus of potato chips that they cannot sell. Some may try to sell the chips illegally at a lower price.</p> <p>As producers are selling fewer chips and their revenue has declined (\$120 million down to \$105 million), some may switch to producing a relatively more profitable related good.</p>		Explains ONE flow-on effect to producers.	Explains TWO flow-on effects to producers.

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				Uses detailed explanations in context, and mostly correct data.		Uses integrated explanations in context, and correct data and economic terminology.	

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Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 13	14 – 19	20 – 24