

90985



Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 1 Economics 2023

90985 Demonstrate understanding of producer choices using supply

Credits: Three

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of producer choices using supply.	Demonstrate in-depth understanding of producer choices using supply.	Demonstrate comprehensive understanding of producer choices using supply.

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 the 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 2–8 in the correct order and that none of these pages is blank.

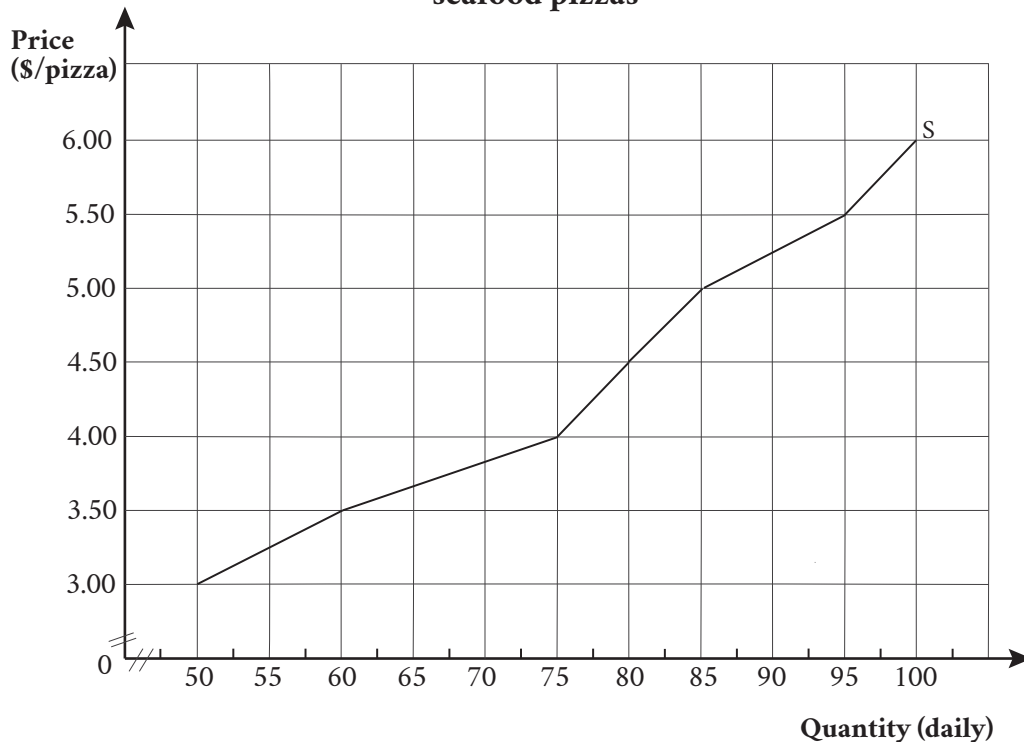
Do not write in any cross-hatched area (DO NOT WRITE IN THIS AREA). This area will be cut off when the booklet is marked.

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

QUESTION ONE: Law of supply

Pania's Pizzas is a small business specialising in producing seafood and vegetarian pizzas and supplying them to local supermarkets.

Graph One: *Pania's Pizzas*' daily supply curve for seafood pizzas



(a) Use Graph One above to complete the supply schedule below.

Price per seafood pizza	Quantity supplied per day
3.00	
	60
4.00	
4.50	
	85
	95
6.00	

(b) On Graph One above, show the impact of an increase in the price of seafood pizza from \$4.00 to \$5.50. Label your changes.

- (d) Explain a reason for the law of supply in the context of *Pania's Pizzas*.

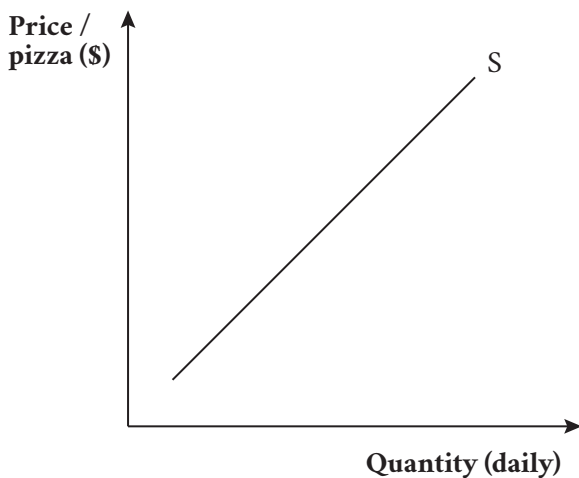
QUESTION TWO: Costs of production and related goods

The price of vegetables used only in vegetarian pizzas has recently increased. This change could affect *Pania's Pizzas'* supply of vegetarian and seafood pizzas.

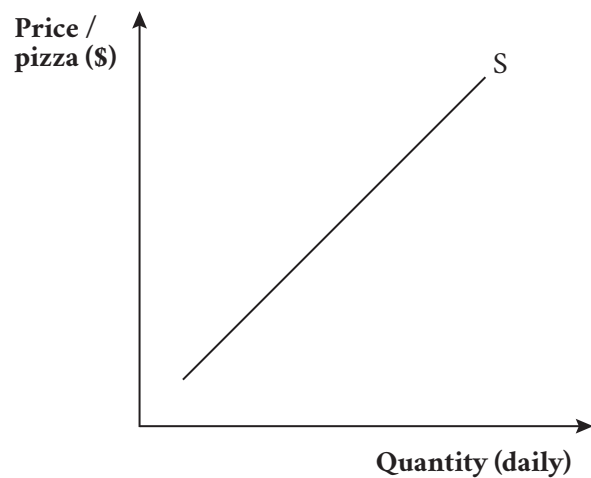
- (a) Explain why seafood pizzas and vegetarian pizzas are related goods for *Pania's Pizzas*. Include relevant examples in your answer.

- (b) On Graphs Two and Three below, show how an increase in the price of these vegetables could affect *Pania's Pizzas'* supply of vegetarian pizzas and the supply of seafood pizzas.

Graph Two: *Pania's Pizzas'* supply curve for vegetarian pizzas (daily)



Graph Three: *Pania's Pizzas'* supply curve for seafood pizzas (daily)



- (d) Explain TWO flow-on effects of this change in supply for *Pania's Pizzas*.

QUESTION THREE: External factors

An increase in the minimum wage requires *Pania's Pizzas* to pay some of their workers a higher hourly wage rate.

- (a) Explain why an increase in the minimum wage is an external legal factor for *Pania's Pizzas*.

- (b) On Graph Four below, show how an increase in the minimum wage could affect *Pania's Pizzas'* supply of seafood pizzas.

Graph Four: *Pania's Pizzas'* supply curve for seafood pizzas (daily)



- (c) Explain how the increase in the minimum wage will affect the costs of production.

- (e) Define productivity in the context of *Pania's Pizzas*.

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

QUESTION
NUMBER

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