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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

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

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 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: Change in price**

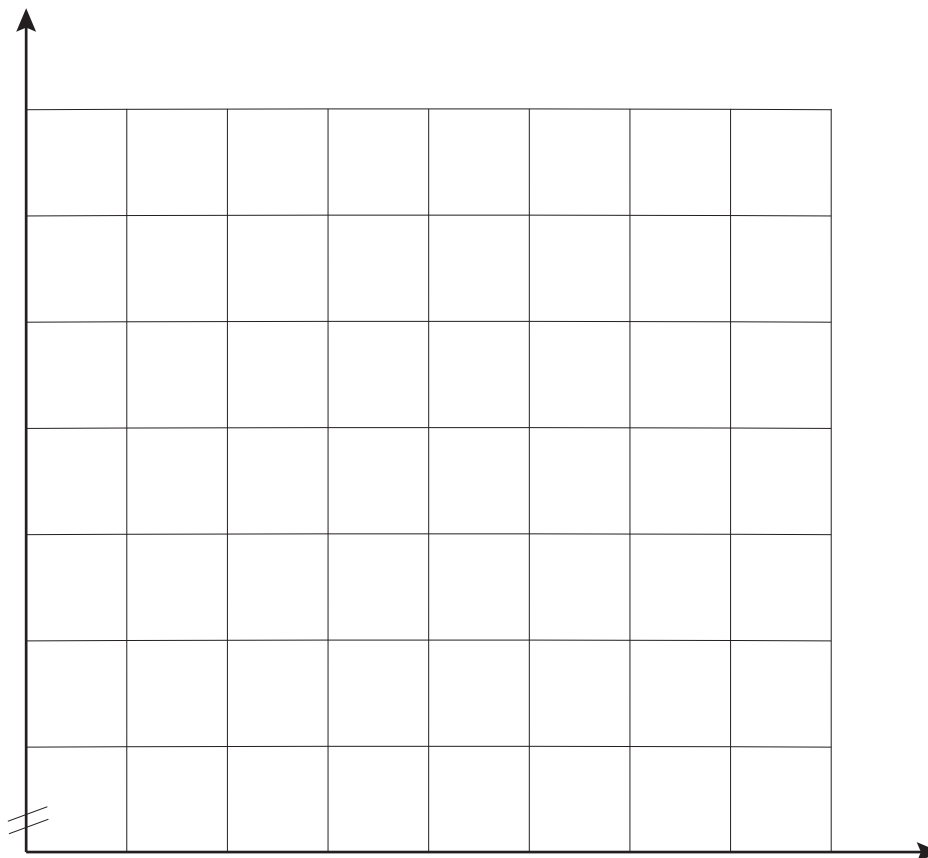
Chloe likes to use streaming services to watch television and movies, and listen to music.

**Chloe's demand schedule for streaming services (monthly)**

| Price (\$ per month) | Quantity (services) |
|----------------------|---------------------|
| 8                    | 6                   |
| 12                   | 5                   |
| 14                   | 4                   |
| 16                   | 3                   |
| 20                   | 2                   |

- (a) Use the information from the demand schedule above to draw a labelled demand curve below.

Title: Graph One: \_\_\_\_\_



- (b) On Graph One, show the effect on Chloe's quantity demanded (services) if the price of streaming services decreases from \$16 to \$12 per month. Label all changes.



## QUESTION TWO: Consumer choice

Chloe likes to listen to music on her way home from school. She wants to save up for some ear buds, so she has started a part-time job babysitting for the families in her street. She enjoys this job because she gets to do arts and crafts with the kids and earn money at the same time.

Chloe has become a very popular babysitter, and she often finds it hard to fit in her babysitting jobs, homework, and sports practice.

(a) Define what is meant by the term values.

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(b) Name TWO of Chloe's values.

(1) \_\_\_\_\_

(2) \_\_\_\_\_

(c) Explain the concepts of scarcity, opportunity cost, and choice as relevant to Chloe. Refer to Chloe's limited means in your answer.

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- (d) Explain the conflict that has arisen in (c) and suggest a compromise to resolve it.

Conflict: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Compromise: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

### QUESTION THREE: Substitute goods

Chloe likes to go to the cinema to watch movies on the large screen with surround sound, rather than watching a movie at home. At the movies, she likes to buy popcorn.

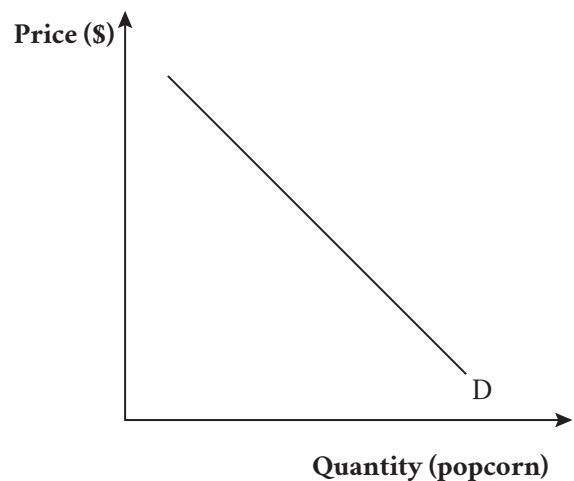
- (a) Explain the economic relationship between cinema tickets and popcorn.

- (b) On Graphs Two and Three below, show how a decrease in the price of cinema tickets will affect Chloe's demand for popcorn. Label your changes.

**Graph Two: Chloe's monthly demand for cinema tickets**



### Graph Three: Chloe's monthly demand for popcorn



- (c) Using Graphs Two and Three, explain the effect of the change in the price of cinema tickets on Chloe's monthly demand for popcorn.

(d) Explain TWO flow-on effects that the decrease in the price of cinema tickets will have for Chloe.

(1)

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(2)

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

QUESTION  
NUMBER

90983