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NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD  
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

## Scholarship 2019 Economics

2.00 p.m. Tuesday 12 November 2019

Time allowed: Three hours

Total score: 24

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 answer ALL the questions in this booklet.

Pull out Resource Booklet 93402R from the centre of 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 2–28 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.**

Question	Score
ONE	
TWO	
THREE	
TOTAL	

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**INSTRUCTIONS:** Write an essay in response to EACH of the THREE questions in this paper. Question Two is on page 10, and Question Three is on page 18.

### QUESTION ONE: PETROL, ELASTICITIES AND ALLOCATIVE EFFICIENCY

Use information in **Resources A to D**, in the resource booklet, and your knowledge of micro-economic theory, to answer this question.

For a period of time in 2018 petrol prices rose steeply, with predictions that they could go even higher. High petrol prices are likely to impact on consumers' buying behaviour in a range of markets.

Analyse the changes in the market for petrol and the price elasticity of demand for petrol. Evaluate the impact that high petrol prices would have on allocative efficiency in the petrol and electric vehicle markets in the long term. Make sure you use appropriate economic models in your answer.

In your answer you should:

- analyse and explain the market changes that resulted in higher petrol prices in New Zealand in 2018
- explain why petrol has inelastic demand and analyse why price elasticity of demand for petrol differs in the short term compared with the long term
- evaluate how a persistently high price of petrol would impact the markets for petrol and electric vehicles in the long term, including changes to consumer surplus, producer surplus and allocative efficiency.

Use this space for planning your essay. This plan will NOT be marked.

### PLANNING

















**QUESTION TWO: NATIONAL PARKS**

Use information from **Resources E to I**, in the resource booklet, and your knowledge of micro-economic theory, to answer this question.

A rapid rise in visitor numbers to New Zealand has put pressure on the national parks' infrastructure, such as walking tracks.

Analyse the allocative efficiency of government provision of national parks during a period of rapid growth in visitor numbers. Evaluate economic policy options that could be used to ensure that the enjoyment gained from the experience of walking in the national parks is maintained. Make sure you use appropriate economic models in your answer.

In your answer you should:

- explain why national parks are generally considered to be an example of a public good
- explain and illustrate how rapid visitor growth may result in the provision of national parks no longer being allocatively efficient
- analyse and evaluate three possible forms of government intervention in national parks to maintain visitor enjoyment, in terms of efficiency and equity.

Use this space for planning your essay. This plan will NOT be marked.

**PLANNING**

















**QUESTION THREE: FISCAL STIMULUS AND THE NEW ZEALAND ECONOMY**

Use information from **Resources J** and **K**, in the resource booklet, and your knowledge of macro-economic theory to answer this question.

The government has introduced a number of new fiscal policies that will impact the New Zealand economy over the next few years.

Analyse the impact of these policies on the New Zealand economy and evaluate how the effect on economic growth, employment and price stability will depend on the position of the economy. Make sure you use appropriate economic models in your answer.

In your answer you should:

- analyse and explain the effect that EACH of these policies will have on the economy
- analyse and explain the current position of the economy in terms of the business cycle
- evaluate how the impact of these policies on economic growth, employment and price stability will be different depending on the position of the New Zealand economy in the business cycle.

Use this space for planning your essay. This plan will NOT be marked.

**PLANNING**

















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

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