

16 The table gives information about the 2011 Australian Grand Prix in Australian dollars (AUD).

	AUD (millions)
costs of operating the Grand Prix	85
revenue from sales of tickets and sponsorship	32
external costs e.g. noise, congestion etc. net of external benefits	4
consumer surplus for those attending the Grand Prix	6

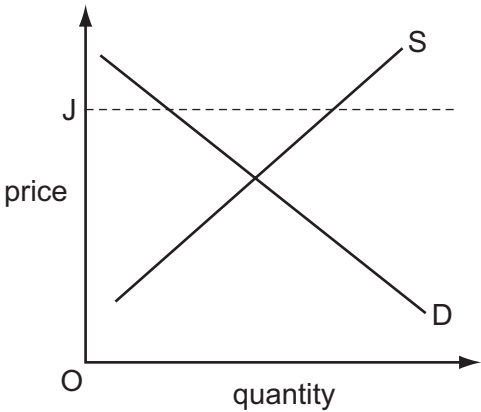
What was the value of the welfare outcome of holding the Australian Grand Prix?

- A** –AUD49 million **B** –AUD51 million **C** –AUD53 million **D** –AUD63 million

17 Which statement is correct?

- A** A demerit good is overconsumed.
B A demerit good produces zero consumer surplus.
C A merit good is defined by its non-excludability and non-rivalry.
D A merit good is provided free of charge.

18 The diagram shows the demand and supply curves of a good.



The government sets a minimum price of OJ for the good.

How will this affect the producers and consumers of the good?

	effect on producers	effect on consumers
A	all producers will gain	consumers will lose
B	all producers will gain	consumers will gain
C	some producers will gain and some will lose	consumers will lose
D	some producers will gain and some will lose	consumers will gain