

93402R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Scholarship 2013 Economics

2.00 pm Wednesday 27 November 2013

RESOURCE BOOKLET

Refer to this booklet to answer the questions for Scholarship Economics 93402.

Check that this booklet has pages 2–15 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

Use Resources A – I to answer Question One**RESOURCE A**

Many studies have attempted to estimate various demand elasticities ...

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... airline depends on external factors, as well as other factors more directly under its control.

Source (adapted): NZ Aviation Operational Environment Guide - Interim Report
www.covec.co.nz/sites/covec.tst/files/NZ%20Aviation%20Operational%20Environment%20Guide%20-%20Interim%20Report%20101222.pdf

RESOURCE B

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Source: <http://travel.webjet.co.nz>

RESOURCE C

Pricing policy by airlines

Many airlines use complex pricing strategies, in which the price of an airline ...

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... and time of return.

Source (adapted): www.mbs.edu/home/jgans/mecon/value/Popups/pop_up_how_common_are_single.htm

RESOURCE D

Airlines' extras rake in¹ \$44 billion

Airlines globally are going to rake in close to \$44 billion in extra charges, on t...

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... and single-visit access to airport lounges.

1. Rake in – to make more than the normal amount of revenue.

Source (adapted): *New Zealand Herald*, 28 November 2012.
www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10850401

RESOURCE E

Price discrimination is the practice of charging different ...

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... prices to business and leisure travellers.

Source: [www.mbs.edu/home/jgans/mecon/value/Glossary/Section4.htm#price discrimination](http://www.mbs.edu/home/jgans/mecon/value/Glossary/Section4.htm#price%20discrimination)

RESOURCE F

*Air New Zealand's new service classes
on trans-Tasman and Pacific flights*

	Seat	Seat + bag	The works	Works deluxe

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Source (adapted): airnz.co.nz

RESOURCE G

Airfare wars: *Jetstar* offers one-cent flights

Jetstar is offering domestic flights for one cent each this week, as the battle ...

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... the airline was “committed to being the low-fares leader in New Zealand”.

Source: *New Zealand Herald* 30 October 2012
www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10843825

RESOURCE H**Relationship between income and air travel**

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Note: the diameter of the circles represents each country's population.

Source (adapted): http://business.newzealand.com/media/518130/understanding_value_in_the_new_zealand_aviation_sector.pdf

RESOURCE I

Despite ... the heavy investment in branding, airline travel is essentially ...

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... are among the industry's most profitable, and neither is known for its customer service, to put it mildly.

Source: *New Zealand Herald*, 19 June 2012. www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10813922

Use Resources J – O to answer Question Two**RESOURCE J****Absolute v Relative poverty**

Poverty: The condition of people who lack adequate income and ...

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... less of the average income in a country.

Source (adapted):
www.unc.edu/depts/econ/byrns_web/Economicae/Essays/Poverty_RelAbs.htm

RESOURCE K**Child poverty in New Zealand**

In the years 2006 and 2007, 230 000 – or 22% – of New Zealand children ...

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... areas said they could not always afford to eat properly, compared with 6% in the highest socio-economic areas.

Source (adapted): www.occ.org.nz/home/childpoverty/about_child_poverty

RESOURCE L**Business eye on poverty report**

Phil O'Reilly describes himself as "the opposite of a bleeding-heart liberal"...

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... that is because the grey-haired people get a vote and young people don't."

Source: www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10838658

RESOURCE M**Child poverty costs NZ \$10b a year – expert**

Child poverty costs New Zealand as much as \$10 billion a year, and ...

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... welfare (\$1.4 billion).

Source: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10831755

RESOURCE N

An expert group appointed by the Children's Commissioner has released its ...

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... Inland Revenue Department to offset the cost of benefits paid to a solo parent.

Sources (adapted): www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10830014
and www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10838701

RESOURCE O**Cost estimates for government interventions**

Annual costs: ...

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... total net long-term costs: \$1.5b – \$2b.

Source: www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10838658

Use Resources P – U to answer Question Three**RESOURCE P****New Zealand Trade Weighted Index (TWI)
April 1995 – April 2013**

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Source: www.anz.co.nz/commercial-institutional/economic-markets-research/exchange-rate-graphs/nzd-twi/

RESOURCE Q**Soaring New Zealand dollar has industries in discussion**

The soaring New Zealand dollar has those in the export and manufacturing ...

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... trading partners sparked claims that we should do the same.

Source: www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10840256, 13 October 2012

RESOURCE R**Kiwi dollar tipped for record high**

The New Zealand dollar's strength against the greenback (US dollar) is already ...

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... becomes a more expensive destination for foreign tourists.

Source: www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10832916, 10 September 2012

RESOURCE S**World Official Cash Rates as at 21 February 2013**

Country	Official Cash Rate

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Source (adapted): www.fxstreet.com/fundamental/interest-rates-table/

RESOURCE T**Manufacturing decline not just a dollar story**

The decline in the manufacturing sector is much more than a simple ...

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... on the savings of others, have to be a major part of the solution.”

Source (adapted): www.rbnz.govt.nz/news/2013/5149494.html

RESOURCE U**New Zealand dollar ‘not so over-valued’**

The high New Zealand dollar is hitting some parts of the economy, but ...

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... interest rates would be less driven by the state of the economy.

Source: www.stuff.co.nz/business/industries/7879062/NZ-dollar-not-so-over-valued, 30 October 2012

