

93402R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

Scholarship 2012 Economics

9.30 am Wednesday 28 November 2012

RESOURCE BOOKLET

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

Check that this booklet has pages 2–11 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–E to answer Question One.

RESOURCE A

Minister seeks parliamentary milk price probe

The price of milk is set to come under the microscope again. Many ...

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... fair price, and it's absolutely reflective of the world price."

Source (adapted): Television New Zealand Limited, 2012, TVNZ One News, 7 August 2011, <http://www.tvnz.co.nz/national-news/minister-seeks-parliamentary-milk-price-probe-4341462>

RESOURCE B

New Zealand supermarkets

The New Zealand supermarket industry is dominated by ...

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... of the Australian retail group *Woolworths Limited*.

Source (adapted): Wikipedia, 2012, <http://en.wikipedia.org/wiki/Foodstuffs>, http://en.wikipedia.org/wiki/Progressive_Enterprises

RESOURCE C

Trendy grocer leads way with \$1-a-litre milk deal

A boutique grocery is calling on retailers to make milk affordable ...

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... showing we have the lowest cost of production.

Source (adapted): APN Holdings NZ Limited, 2012, *New Zealand Herald*, 7 February 2012, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10783816

RESOURCE D

Farmers 'tired' of taking the blame for milk prices

Federated Farmers says it is tired of farmers being blamed for ...

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... it is up to supermarkets to lower the prices.

Source (adapted): Television New Zealand Limited, 2012, TVNZ One News, 9 February 2012
<http://www.tvnz.co.nz/business-news/farmers-tired-taking-blame-milk-prices-4715450>

RESOURCE E

About Fonterra and the New Zealand dairy industry

Fonterra is a co-operative company, 100% owned by 10 500 farmer ...

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... are over 12 500 dairy farms in New Zealand.

Source (adapted): Mason, A (Chief Financial Officer) 2011, *Macquarie Agriculture Conference*, Fonterra,
<http://www.fonterra.com>
 Wikipedia, 2012, http://en.wikipedia.org/wiki/Dairy_farming_in_New_Zealand

Use Resources F–L to answer Question Two.

RESOURCE F

Wild fish stocks as a common good

	Excludable	Non-excludable
Rival	Private good Eg clothing	Common good Eg wild fish stocks
Non-rival	Club good Eg movies	Public good Eg free-to-air broadcasting

RESOURCE G

“The Tragedy of the Commons”

The contribution of each economic agent is minute, but ...

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... becomes less valuable because of over-exploitation.

Source: Tutor2U, <http://tutor2u.net/economics/revision-notes/a2-micro-externalities-overview.html>

RESOURCE H**Renewable resource use and environmental externalities**

Traditional environmental resource management policies ...

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... could, therefore, reduce the extraction rate.

Source (extracts): Trellis Green, Caviglia-Harris, James R. Kahn, Jill L, *Demand-side policies for environmental protection and sustainable usage of renewable resources*, 'Ecological Economics', 45 (2003) 119–132,
<http://www.china-sds.org/kcxfzbg/addinfomanage/lwwk/data/kcx19.pdf>

RESOURCE I**Our oceans can't survive fishing madness**

The ocean may seem like a limitless source of food but we are slowly ...

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... has never been officially answered by our government.

Source (adapted): Gareth Morgen, Geoff Simmons, 'Our oceans can't survive fishing madness', *New Zealand Herald*,
22 November 2011.

RESOURCE J**Fishing quota needs to be cast wider**

Sure, recreational fishers have daily bag limits, but this does not ...

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... having more fish in the water has to be everyone's priority.

Source (adapted): Gareth Morgen, Geoff Simmons, 'Fishing quota needs to be cast wider', New Zealand Herald, 20 December 2011.

RESOURCE K**Customary fishing regulations**

The Kaimoana Customary Fishing Regulations 1998 and

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it allows for this customary use of fisheries.

Source: Ministry for Primary Industries Manatū Ahu Matua, 2012, [newzealand.govt.nz](http://www.fish.govt.nz/en-nz/Maori/default.htm),
<http://www.fish.govt.nz/en-nz/Maori/default.htm>

RESOURCE L**Sustainability**

The United Nations World Commission on Environment and

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... generations to meet their own needs”.

Source (adapted): United Nations, 11 December 1987, General Assembly,
<http://www.un.org/documents/ga/res/42/ares42-187.htm>

Use Resources M–Q to answer Question Three.

RESOURCE M

Definitions

Public debt is the total amount of money the central government (public sector) owes.

Gross external debt is the total amount all New Zealand residents (in both the public and private sectors) owe to residents in other countries.

Net external debt is the amount owed by New Zealand residents minus the external debt of other countries held by New Zealand residents.

Austerity includes reducing government expenses and welfare payments, as well as closing tax loopholes in order to reduce the operating deficit, particularly when the level of public debt is a concern.

RESOURCE N

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Source: Market Observations (blog), 2012, <http://www.marketobservation.com/blogs/index.php/2011/07/31/good-reuters-graph-sovereign-debt-and-rating-by-country?blog=10>

RESOURCE O**New Zealand's credit rating downgraded**

Standard & Poor's (S&P) and Fitch have downgraded New Zealand's ...

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... and exporting more to the rest of the world."

Standard & Poor's foreign currency rating:

Australia	AAA	China	AA
Spain	AA	Greece	CC

Source (adapted): APN Holdings NZ Limited, 2012, *New Zealand Herald*, 1 October 2011, http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10755718

RESOURCE P**Economic strength behind NZ's triple-A rating: Moody's**

New Zealand's AAA sovereign credit rating with ...

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... credit analysis had little impact on the market.

Source (adapted): APN Holdings NZ Limited, 2012, *New Zealand Herald*, 13 January 2012,
http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10778418

RESOURCE Q**Macroeconomic goals of the New Zealand Government**

- a balance of payments
- economic growth
- equitable distribution of income
- full employment
- price stability.

