



93402R



Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Scholarship 2023 Economics

RESOURCE BOOKLET

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

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

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

DYNAMIC PRICING AND MARKET EFFICIENCY

RESOURCE A: What is dynamic pricing?

[REDACTED]

RESOURCE B: Ride shares and dynamic pricing

[REDACTED]

RESOURCE C: Concert tickets and dynamic pricing

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

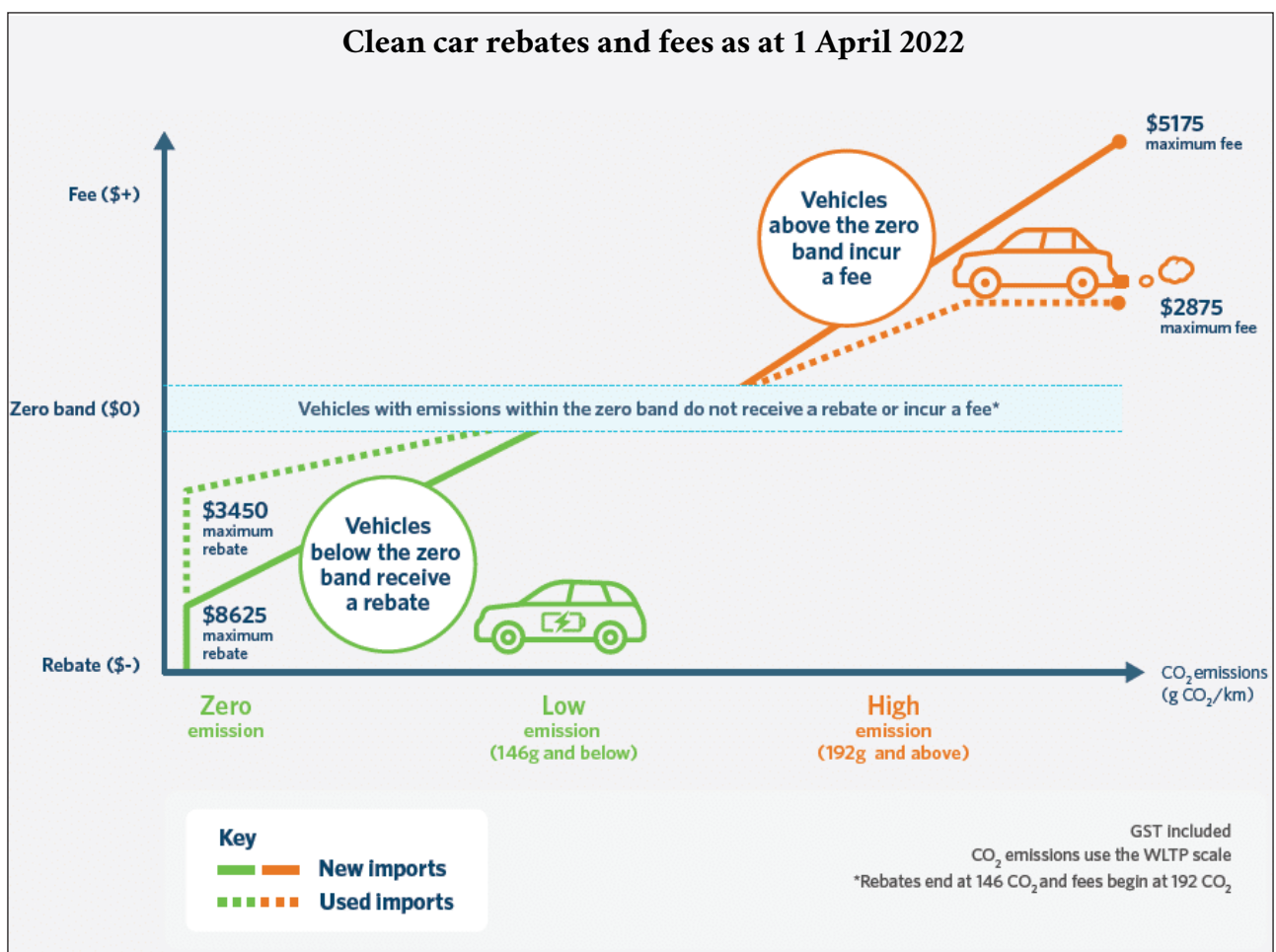
MARKET FAILURE IN THE MARKET FOR HIGH-EMISSION VEHICLES

RESOURCE D: Clean Car Discount scheme

There are two policies:

- subsidy for low-emission vehicles
- fee / tax on high-emission vehicles.

On 1 April 2022, charges were imposed on high emitting vehicles, and rebates given to low-emitting vehicles. This was done on a sliding scale. Charges on high-emission vehicles act as a purchase disincentive and fund the rebates for low-emission vehicles.



RESOURCE E: Impact of human-made air pollution

A study released in July 2022 shows that exposure to human-made air pollution has serious impacts on the health of New Zealanders. Transport is responsible for most of the harms caused by human-made air pollution. Transport emissions are responsible for all the health impacts caused by nitrogen dioxide (NO₂), which comes from exhaust gas. Transport emissions are also responsible for 17 per cent of the health impacts of fine particles in the air we breathe. Each year, this results in:

- the premature deaths of more than 2 200 adult New Zealanders
- more than 9 200 hospital admissions for respiratory and cardiac illnesses
- over 13 200 cases of childhood asthma.

The social cost of the health burden of transport emissions is \$10.5 billion.

RESOURCE F: Why should buyers switch?

The Climate Change Response Act (2002) requires carbon emissions to be reduced to net zero by 2050. As transport is responsible for 47 per cent of domestic CO₂ in New Zealand, this target cannot be achieved without largely decarbonising transport.

“A discount on new and used imported low-emission vehicles (electric and hybrid vehicles) funded from a fee on higher emitting ones (petrol and diesel) is the best policy to increase low-emissions vehicle uptake in New Zealand,” stated a government minister.

To support the use of electric vehicles (EVs), the Government has co-funded the installation of more than 700 public and more than 550 private EV chargers. “Aotearoa’s public EV charging network now offers fast / rapid direct current (DC) charging stations at least every 75 kilometres for over 97 per cent of our state highway network,” a spokesperson for the Ministry of Transport said.

Electric utility vehicles, which had not previously been available, are starting to be imported into New Zealand.

The average age of New Zealand’s light passenger vehicle fleet was 14.7 years in 2020.

RELATIONSHIP BETWEEN THE CURRENT ACCOUNT AND THE EXCHANGE RATE

RESOURCE G: Current account deficit continues to widen in March 2022 quarter

The value of goods imports has been on the rise since June 2020. This reflects the ongoing strong demand for goods imports during the COVID-19 pandemic. This rise was driven by goods such as transport equipment, crude oil, fertiliser, and pharmaceutical products, such as antigen tests and vaccines. Consumption goods, such as textiles and clothing, also contributed to the rise in the value of imported goods.

Exported goods rose at a slower rate. This was driven by a rise in the value of milk powder, butter, and cheese, which reflected an increase in global dairy prices.

Services exports fell compared to pre-COVID times, when the March quarter was typically the peak quarter for overseas travel to New Zealand. Services imports, which includes freight services, increased.



RESOURCE H: New Zealand dollar falls to lowest since 2020 as US interest rates rise

The recent sell-off in the New Zealand dollar against the greenback was not isolated.

Currencies around the world have been hammered this year by the aggressive tightening of monetary policy by the world's most important central bank, the United States Federal Reserve.

The New Zealand dollar was down by about 17 per cent for the year because the higher interest rates available in the US, plus the safety it offers during times of global economic uncertainty, had seen the US Dollar Index, which measures the value of the greenback against a basket of currencies, hit a 20-year high.

RESOURCE I: Annual current account deficit widens to \$29.7 billion

**Annual value of goods and services (\$), year ended in quarter
September 2003–June 2022**

**RESOURCE J**

New Zealand – United States dollar exchange (NZD USD)



Acknowledgements

Material from the following sources has been adapted for use in this assessment:

Resource A

Pettinger, T. (2019). *Dynamic pricing*. <https://www.economicshelp.org/blog/148008/economics/dynamic-pricing/>

Resource B

Carroll, M. (2022, June 4). Why I'm being charged less than you, and what you can do about it. *Stuff*. <https://www.stuff.co.nz/national/explained/128827143/why-im-being-charged-less-than-you-and-what-you-can-do-about-it>

Resource C

McIlkenny, S. (2022, August 25). Ticketmaster dynamic pricing: What is dynamic pricing - how does it work and how to avoid it? *The Scotsman*. <https://www.scotsman.com/whats-on/arts-and-entertainment/ticketmaster-dynamic-pricing-what-is-dynamic-pricing-how-does-it-work-and-how-to-avoid-it-3819459>

Resource D

Ministry of Transport. (2020). *Clean cars*. <https://www.transport.govt.nz/area-of-interest/environment-and-climate-change/clean-cars/>. CC-BY-4.0

Resource E

Ministry of Transport. (2020). *Reducing harmful vehicle emissions from road transport*. <https://www.transport.govt.nz/area-of-interest/environment-and-climate-change/harmful-vehicle-emissions/>. CC-BY-4.0

Resource F

NZTA. (2023). *Clean car programme overview*. <https://www.nzta.govt.nz/vehicles/clean-car-programme/overview/>. CC-BY-4.0

Ministry of Transport. (2020). *Fleet statistics*. <https://www.transport.govt.nz/statistics-and-insights/fleet-statistics/sheet/vehicle-age>. CC-BY-4.0

Resource G

Stats NZ. (2022, June 2). *International trade: March 2022 quarter*. <https://www.stats.govt.nz/information-releases/international-trade-march-2022-quarter/>. CC-BY-4.0

Stats NZ. (2022, June 15). *Current account deficit continues to widen*. <https://www.stats.govt.nz/news/current-account-deficit-continues-to-widen/>. CC-BY-4.0

Resource H

Stats NZ. (2022, December 14). *Annual current account deficit widens to \$29.7 billion*. <https://www.stats.govt.nz/news/annual-current-account-deficit-widens-to-29-7-billion>. CC-BY-4.0

Resource I

Macrotrends. (n.d.). *New Zealand - US dollar exchange rate (NZD USD) - historical chart*. <https://www.macrotrends.net/2557/new-zealand-us-dollar-exchange-rate-historical-chart>

Resource J

Pointon, N. (2022, September 27). *New Zealand dollar falls to lowest since 2020 as pound value hits currencies*. <https://www.rnz.co.nz/news/business/475595/new-zealand-dollar-falls-to-lowest-since-2020-as-pound-value-hits-currencies>