

SUPERVISOR'S USE ONLY

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93402



Draw a cross through the box (X) if you have NOT written in this booklet



Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Scholarship 2024 Economics

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.

Do not write in the margins (XXXX). This area will be cut off when the booklet is marked.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE
END OF THE EXAMINATION.**

Question	Score
ONE	
TWO	
THREE	
TOTAL	

ASSESSOR'S USE ONLY

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. There is planning space for each question. The plan will NOT be marked.

QUESTION ONE: Allocative efficiency in the New Zealand market for eggs

Use information from **Resources A to F** to answer this question.

From the beginning of 2023, battery cages for farming eggs were banned, resulting in significant changes in the New Zealand market for eggs. These changes, along with ongoing increases in demand, were impacted by the inability of the egg industry to respond.

Analyse the impact of the Government's policy of banning battery cages on allocative efficiency in the New Zealand market for eggs. Using elasticity of supply theory, evaluate the impact of increasing demand in the market for eggs on consumers, producers, and allocative efficiency in the short and long term.

In your answer, use appropriate economic models throughout to:

- explain the key features of the four different market structures. Identify and justify the market structure that exists in the New Zealand egg farming industry
- illustrate and analyse, using the supply and demand model, the impact of banning caged egg farming on the egg market and allocative efficiency at the beginning of 2023
- explain price elasticity of supply and evaluate the factors influencing price elasticity of supply in the short run and long run in the egg market
- evaluate how ongoing increases in the demand for eggs will impact the market price for eggs, consumer and producer surplus, and allocative efficiency in the short run and long run.

PLANNING

QUESTION TWO: Cost of living crisis and the consumers price index (CPI)

Use information from **Resources G to L** to answer this question.

During 2022 and 2023, the cost of living crisis was the most important issue facing many New Zealand households. The inflation rate reached 7.2%; however, some categories within the CPI experienced higher price rises than other categories. The impact of a high inflation rate on a household's living standards was therefore affected by its spending pattern.

Explain how the high rate of inflation throughout 2022 and 2023 has negatively affected the cost of living for different types of households in New Zealand. Evaluate the effectiveness and equity of government intervention policies to resolve the cost of living crisis for different households.

In your answer, use appropriate economic models throughout to:

- explain the difference between an increase in the price of a particular market and an increase in the consumers price index
- explain how high inflation has negatively affected households, and explain why the impact on different household types has been uneven
- use the Lorenz curve model to analyse the impact, effectiveness, and equity of the three policies from Resource L on reducing the cost of living crisis for households
- evaluate which policy would be most effective at reducing the cost of living crisis for New Zealand households while improving equity.

PLANNING

QUESTION THREE: Increasing net migration at different stages of the business cycle

Use information from **Resources M to S** to answer this question.

New Zealand had a record net migration gain of 110 200 in the year ended August 2023. Experts hold differing views about the inflationary impact of increasing net migration. A Productivity Commission report warns, “The relationship between productivity and immigration requires a balance of trade-offs between government objectives and a consideration of short-run and long-run impacts”.

Analyse the impact on the New Zealand economy of increasing net migration at high and low levels of output. Evaluate the extent to which pursuing a policy of increasing net migration could simultaneously reduce high inflation levels and achieve other government macro-economic goals.

In your answer, use appropriate economic models throughout to:

- explain the shape of the aggregate supply (AS) curve and how a shortage of labour at full employment contributes to a high level of inflation
- discuss the advantages and disadvantages of increasing net migration for the New Zealand economy
- analyse and evaluate, using the AS/AD model, the impact of increasing net migration on the three government macro-economic goals in Resource S, in particular in reducing high inflation, in an economy operating near full capacity compared to one operating at low output levels.

PLANNING

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Write the question number(s) if applicable.**

QUESTION
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