OCR
RECOGNISING ACHIEVEMENT

Tuesday 12 June 2012 – Afternoon

A2 GCE ECONOMICS

F583/01 Economics of Work and Leisure

Candidates answer on the Question Paper.

OCR supplied materials:
None

Other materials required:
- Calculators may be used

Duration: 2 hours

Candidate forename		Candidate surname	

Centre number						Candidate number				

INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.
- Answer Section A and **one** question from Section B.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets **[ ]** at the end of each question or part question.
- The total number of marks for this paper is **60**.
- You will be assessed on the quality of your written communication in Section B.
- This document consists of **20** pages. Any blank pages are indicated.

A calculator may be used for this paper

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The market for TV broadcasting – too much of a good thing?

In 2009, Ofcom, the body with responsibility for regulating the communications market, published a report on TV broadcasting. One of the conclusions it came to was that, during 2008, the revenue of the TV industry grew by only £0.1bn to reach £11.2bn (see Fig. 1).

One consequence of this slowdown in revenue growth was seen in the impact on the production of new, original programmes and the increased use of repeat programmes. The five most popular channels' broadcast of original programmes was down by 3% on 2007 and by over 5% since 2003. The report commented that broadcasting of repeat programmes across all channels accounted for 87% of output.

Fig. 1 – Sources of revenue for the UK TV broadcasting industry

	2003	2004	2005	2006	2007	2008
Total TV broadcasting industry revenue (£bn)	9.2	10.0	10.5	10.6	11.1	11.2
Proportion of revenue generated from public funds	26%	24%	25%	25%	25%	24%
Proportion of revenue generated from advertising	34%	35%	35%	33%	32%	31%
Proportion of revenue generated from subscription	35%	34%	35%	35%	37%	39%
Proportion of revenue generated from other sources	5%	7%	5%	7%	6%	6%
TV advertising as a proportion of total advertising expenditure	30.2%	29.6%	29.6%	27.9%	26.9%	26.5%
Number of channels available	294	379	416	433	470	495

A choice of a thousand TV channels in the UK

Ofcom, the broadcasting watchdog, says that Britain is set to license its 1,000th channel soon, more than in any other country apart from the USA.

'There is no doubt that the 1,000th TV licence will have great significance,' said Mark Lawson, presenter of Radio 4's Front Row programme. 'It wasn't that long ago that we saw the launch of Channel 4 (1982) and then Channel 5 (1997), but the danger, as most people will probably acknowledge, is that the opening up of television was never about ensuring quality – it was mainly about quantity.'

This large number of channels is partly down to the low costs of running a British television station – £2,500 to bid for a licence, with an annual fee of just £1,000. As a result, almost every possible taste is catered for, offering a fascinating snapshot of modern British life.

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Like many other new TV operators, Revelation, a religious broadcaster, is run from a small studio. Unlike the majority of channels, however, it carries no mainstream advertising and relies on donations from a faithful audience for its revenue. The broadcasters admit they have 'no idea' how many viewers they have.

The increased choice of TV channels has meant that the historical dominance of the BBC has declined and, in 2008, television viewers made full use of the variety of channels available (see Fig. 2).

Fig. 2 – Top 10 TV channels by market share in multi-channel homes (2008)

Channel	Market Share (%)
BBC One	20.4
BBC Two	7.0
BBC Three	1.2
ITV 1	17.2
ITV 2	2.4
ITV 3	1.7
Channel 4	7.4
E4	1.8
Five	4.7
Sky Sports	1.4
Others	34.8

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Section A

Answer **all** questions from this section.

1 **(a)** Using Fig. 2, calculate the three firm concentration ratio based on market share for TV channels in multi-channel homes.

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..... **[2]**

(b) Using the case study, identify **one** example of a fixed cost. Explain why your example is a fixed cost in the TV broadcasting industry.

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(c) Fig. 1 shows a decline in the proportion of television revenue generated from advertising.

State and explain **two** possible reasons for this decline.

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(d) One of Ofcom's roles is to regulate the TV broadcasting industry.

Explain the impact of regulation on the TV broadcasting industry.

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(e) Comment on whether an increased number of TV channels benefits the consumer.

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(f) Discuss the extent to which the TV broadcasting market is an oligopoly.

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Section A Total: [25 marks]

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Section B

Answer **one** question from this section.

2 **(a)** Analyse, using examples, the factors which determine the elasticity of supply of labour to an occupation. **[15]**

(b) Discuss the extent to which migration may be considered to have a positive impact on labour markets. **[20]**

3 **(a)** Analyse how changes in the degree of income inequality in an economy can be measured. **[15]**

(b) Discuss the extent to which the reform of the tax and benefit system alone can reduce the level of income inequality in the UK. **[20]**

4 **(a)** Analyse, using examples, how skill shortages may lead to labour market failure. **[15]**

(b) Discuss the extent to which directives from the European Union (EU) have a beneficial impact on the UK labour market. **[20]**

Section B Total: [35 marks]

Paper Total: [60 marks]

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Section B

Question No. .....

Start your answer to part **(a)** here

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Start your answer to part **(b)** here

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Additional answer space. Any answers written in this space must be clearly numbered.

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