

### Exemplar of Achieved GP 3

QN	ANOTATION	GRADE
1a.	<ul style="list-style-type: none"> <li>Used correct headings of Price and Quantity</li> <li>Indicated units (\$) , (000)</li> <li>Accurately calculated 50% increase on 9000</li> </ul>	A
1b	<ul style="list-style-type: none"> <li>Title includes the item being supplied i.e. Apples but no reference to who is supplying i.e. Wong Orchards</li> <li>Price and Quantity labels are written</li> <li>Units (\$) , (000)</li> <li>Scales of both axes are even.</li> <li>Points plotted according to schedule with no irrelevant points plotted.</li> <li>Line is labelled with an "S"</li> </ul>	A
1c	<ul style="list-style-type: none"> <li>Dotted lines are used at each price and quantity</li> <li>Arrows clearly show the start and finish price and quantity</li> <li>Correct Labels P-P<sup>1</sup> and Q<sup>s</sup>-Q<sup>s1</sup> are used</li> </ul>	A
1d	The candidate <b>describes</b> the Law of Supply very well, but there is no explanation. To get a merit or excellence on this question the candidate needed to write why the Law of Supply holds i.e. because apples become less profitable (M) since costs cannot be as easily covered (E).	A
2ai	Correctly shifts the whole curve to the right and provides an arrow and S <sup>1</sup> to illustrate the shift.	A
2aii	Candidate restates the source material that conditions are good, but offers no explanation as to how that links to more supply. For Merit a link to more growth or less wastage was required.	N
2aiii	Candidate refers to a surplus of <u>apples</u> instead of stone-fruit which renders the answer invalid. The answer given in context, will still have needed more explanation however, such as the effect a surplus would have on revenues, costs or profits.	N
2bi	Correctly shifts the whole curve to the left and provides an arrow and S <sup>1</sup> to illustrate the shift.	A
2bii	Despite the grammar at the beginning of the answer, the candidate does refer to the fact that not as many apples will be picked since unskilled workers will now be employed.	M
2biii	The answer does not give an economic consequence on the producer, i.e. the effect a shortage would have on revenues, costs or profits.	N
3a	Describes a subsidy as funds paid from Government to Producer, but then goes onto <b>explain</b> the subsidy in the context of a consumer which is not relevant for this question. For merit, the candidate needed to explain the subsidy from the point of view of the producer i.e. promotes production or decrease costs.	A
3b	To support the recommendation for Stone-fruit, the candidate refers only to the subsidy as their piece of information from previous questions. The second reason of horizontal integration is irrelevant to this case study indicating the candidate is not clear on factors that affect supply. The candidate refers to a "falling <b>demand</b> for apples", but had they used the falling price of Apples, (which was given) they may have reached Merit.	N
	Overall Grade	A

This candidate demonstrated the minimum skills and knowledge for achievement such as constructing a supply schedule, curve, the Law of supply and shifts of supply curve. To gain merit, they needed to refer more to the case study and restrict their answers to supply rather than bringing in demand, the consumer or the market.

You are advised to spend 30 minutes answering the questions in this booklet.

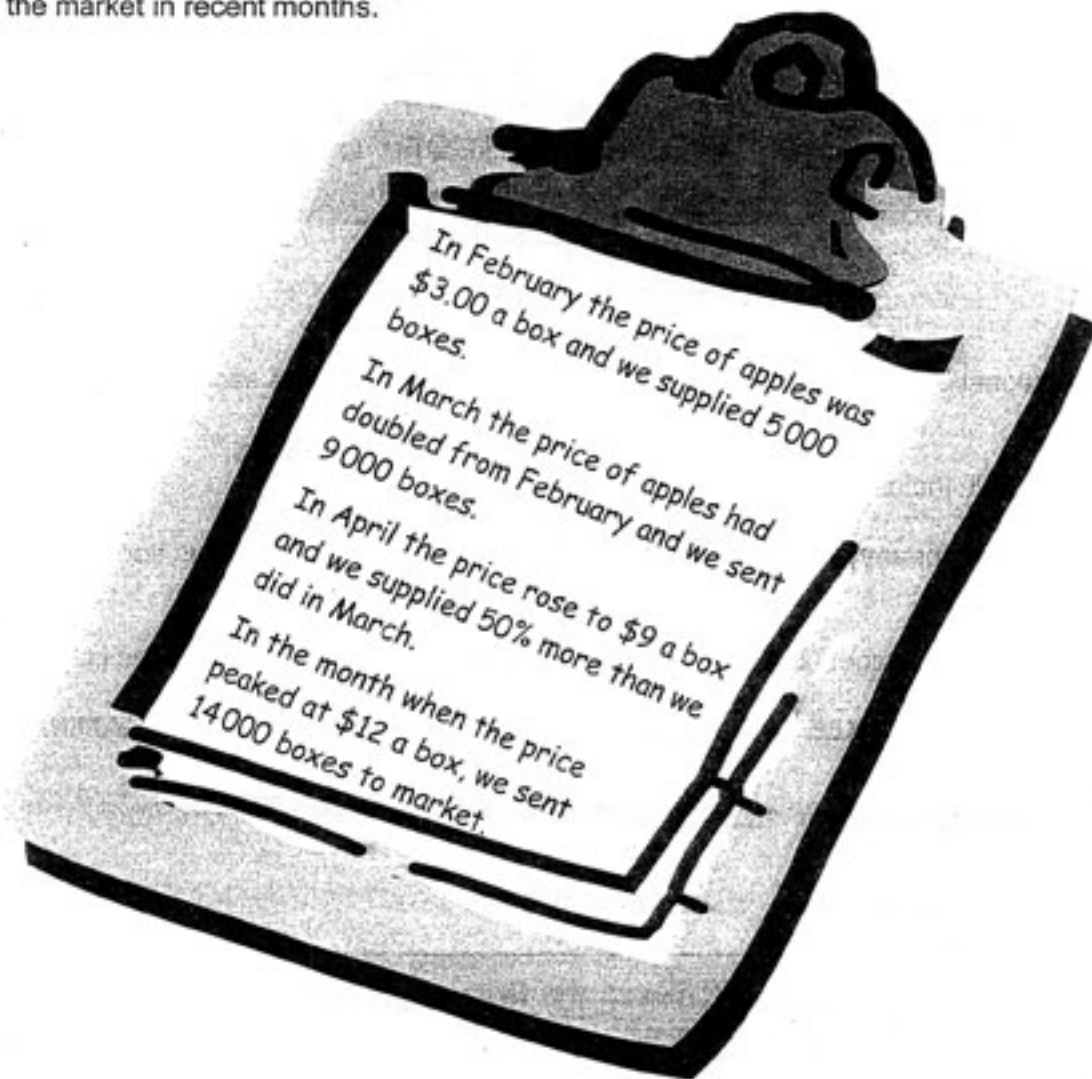
Assessor  
use only

Sally Wong owns *Wong's Orchards*. She mainly grows apples but also grows stone fruit (peaches, apricots and nectarines).

The amount of each produce Sally sends to the market depends on the prices of her output and various other factors.

### QUESTION ONE

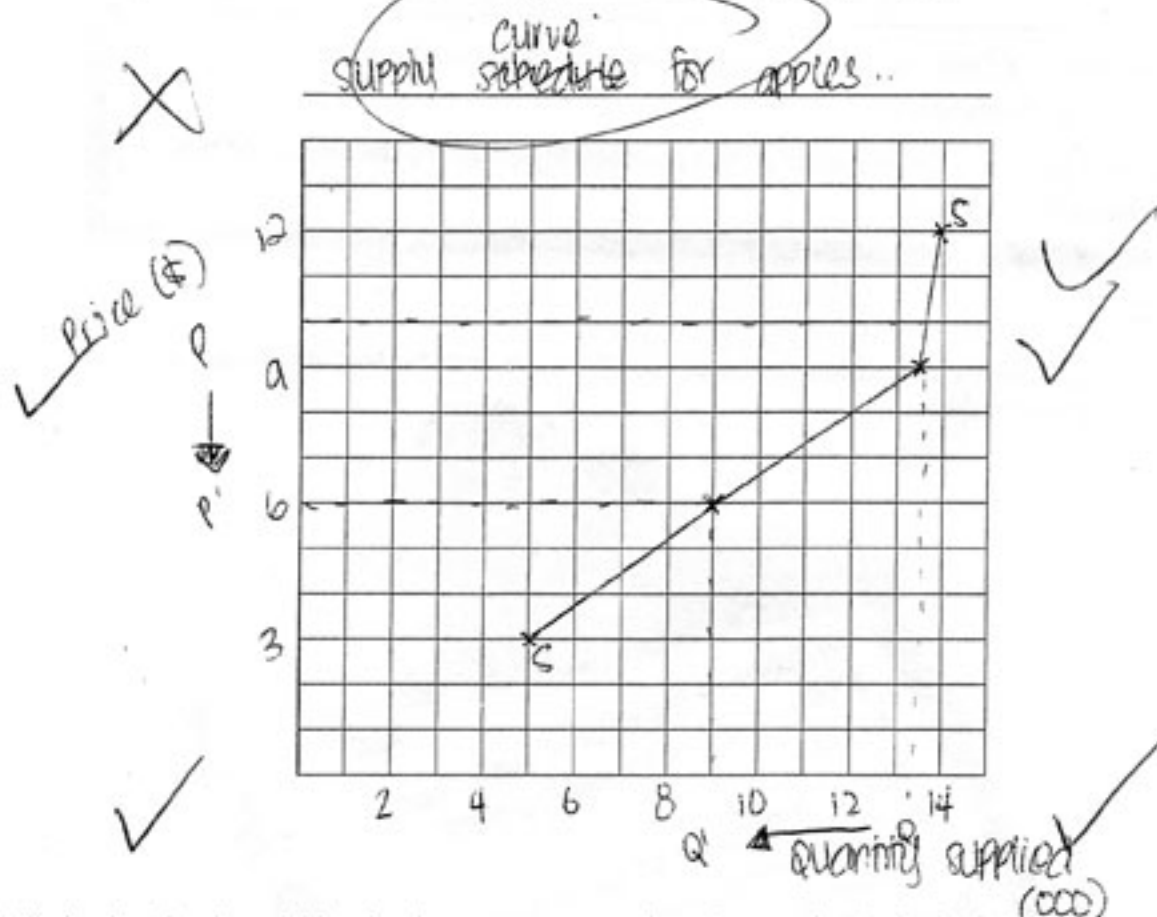
Sally's produce manager made some notes on the prices of apples and the amount picked and sent to the market in recent months.



- (a) Use the produce manager's notes to complete the Supply Schedule for apples from *Wong's Orchard*. Include a heading for each column.

Supply of Apples from Wong's Orchards	
Price (\$)	Quantity supplied (000)
3	5
6	9
9	13.5
12	14

- (b) On the grid below, draw a fully labelled **supply curve** for apples from *Wong's Orchards*, using the information from your **Supply Schedule** in part (a) on page 2.



Sally is planning her picking for the next season when she reads this in the local paper:

### Apple prices in decline

According to experts, the price of apples in the coming season is set to fall.

- (c) On your graph above, sketch the effect of a fall in the price of apples. Use appropriate dotted lines, arrows and labels.
- (d) **Explain** the relationship between the falling price of apples and the quantity of apples supplied by *Wong's Orchards*.

When the price of apples decreases the quantity supplied for apples will also decrease.

← This answer describes the relationship but to explain it the candidate must state why the relationship occurs.

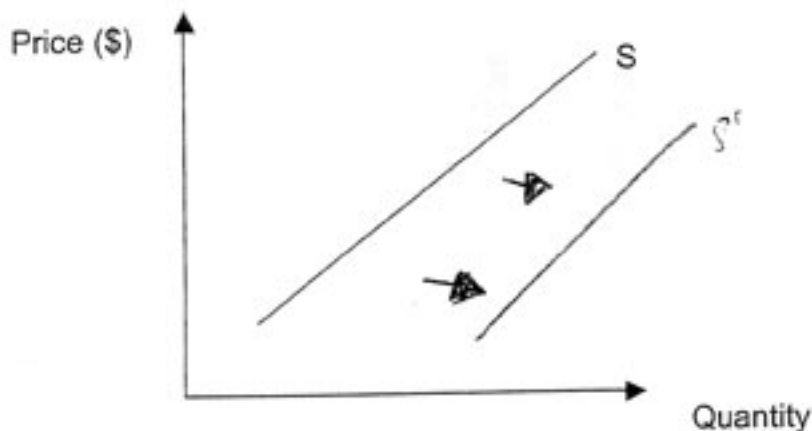
## QUESTION TWO

Sally read some more news items about factors that could affect the supply of fruit from *Wong's Orchards*.



- (a) (i) If the summer is long and mild, show the effect this would have on the supply curve for Wong's stone fruit.

Supply of stone fruit from *Wong's Orchards*



- (ii) Explain why the long, mild summer weather would affect the supply curve for Wong's stone fruit in this way.

Because the conditions are good apple growers are able to supply more apples therefore they can sell more and make more profit.

restates given information that conditions are good, but no link to increase supply.

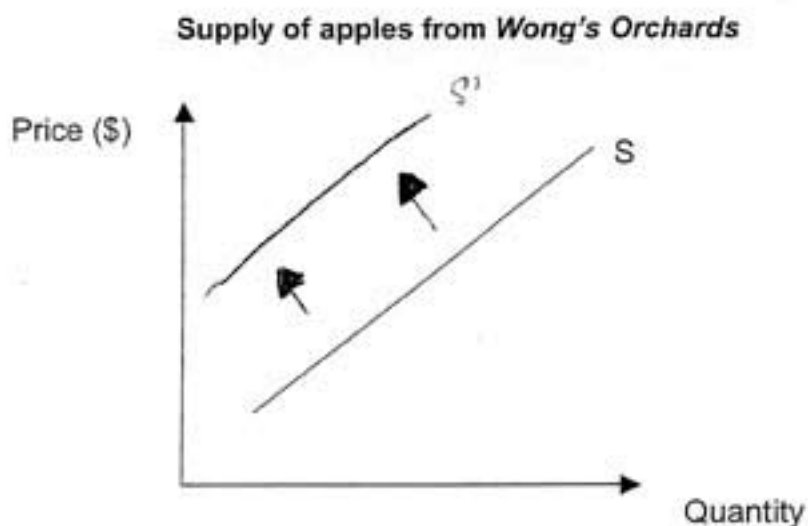
- (iii) Explain an economic consequence of this event for Wong's Orchards.

They may have a surplus of apples. If ~~consumers~~ customers don't demand as much apples as they supply then they could end up with a surplus.

### Skilled apple pickers in short supply

At a time when consumers want better quality apples, workers specifically skilled in picking and grading apples are becoming scarce, according to many growers.

- (b) (i) Show the effect a short supply of skilled pickers would have on the supply curve for Wong's apples.



- (ii) **Explain** why this short supply of pickers has affected the supply curve for apples in this way.

Because people won't hire people that aren't skilled pickers therefore won't be able to pick that much apples therefore will have a decrease in supply. M

- (iii) **Explain** an economic consequence of this event for Wong's Orchards.

They will have a shortage if people demand more apples than the suppliers can supply. N

## QUESTION THREE

Assessor's  
use only

In order to promote exports of New Zealand-grown **stone fruit** (eg peaches, nectarines and apricots), the government may decide to subsidise stone fruit growers.

- (a) Explain what a **subsidy** is.

money given from the government to help businesses out. They usually grant subsidies to business that produce things that people need e.g. oil, milk, bread, food.

- (b) Make a recommendation to Sally as to whether she should concentrate her resources into **apples OR stone fruit** for the coming season, assuming the subsidy is introduced.

Recommendation: Apples Stone fruit (circle your choice)

Fully explain TWO reasons why the option you have recommended is better than the alternative. Use information from Questions One, Two and Three relating to both apples and stone fruit in your explanation.

First reason: Because stone fruit are going to be getting subsidies she should go for it, she will get extra money to help her out and she knows what she's doing because she had experience growing apples.

Second reason: ~~horizontal~~ horizontal integration, she will be familiar with growing fruit because of her experience in apple picking and because the ~~supply~~ <sup>demand</sup> of apples is decreasing anyway she'll get more profit out of stone fruit.

idea of horizontal integration is not applicable to any of the resource information.

Reference to demand for apples is also not from the ~~info~~ information given.