

Merit

Q 1(a)(i)

Response makes a basic reference to fact that despite exchange rate fluctuations sheep farmers have reduced options in the short term and will continue to produce lamb. No values provided.

Q1 (b)(ii)

Response would have gained "Merit" had "grown offshore in countries" been supported by names of those countries.

Q1 (c)(i)

Response refers to climate but does not specify favourable components of climate. Combined with reference to oestrous control, different mating and lambing periods there is sufficient evidence that the candidate has a basic understanding of seasonality issues pertaining to lamb.

Q1 (c)(ii)

Response would have suited an earlier question. Reference to NZ kiwifruit production on last two lines does not provide the required level of explanation.

Q2 (a)(i)

Response contains references to desired attributes, and form in which it is sold. Does not state who wants large cuts but does state UK markets preference for chilled product. Likewise the comment that "lambs demand has increased" in the past 3-4 years is not supported by official data.

Q2 (a)(ii)

Response contains references to a specific trend regarding sweetness and gold kiwifruit but confines comments on demand to the phrase "are very popular over there" – not a substitute for a qualitative or quantitative description of effect on demand.

Q2 (b)(ii)

Response provides some basic details regarding promotional methods used to promote kiwifruit in different countries but linkage to increased consumer demand is minimal.

Q2 (c)(i)

Response contains accurate prices for average grade lamb over last three years. "Average market price" taken as that paid to farmers not that paid by the consumer, an aspect of the question that could be debated. Correctly states that demand has remained steady because of quality issues in conjunction with price movement.

Q2 (c)(ii)

Response does not fully address question apart from supplying some prices.

Q3

Response adds to existing evidence on market forces but does not provide in depth explanations nor display the critical thinking required to justify a named market force.



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA



National Certificate of Educational Achievement
TAUMATA MĀTAURANGA Ā-MOTU KUA TAEA

Level 3 Agricultural and Horticultural Science, 2006

90651 Explain how market forces affect supply and demand of primary products

Credits: Four

9.30 am Monday 4 December 2006

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.

If you need more space for any answer, use the page(s) provided at the back of this booklet and clearly number the question.

Check that this booklet has pages 2–19 in the correct order and that none of these pages is blank.

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

For Assessor's use only		Achievement Criteria	
Achievement		Achievement with Merit	Achievement with Excellence
Explain how market forces affect supply and demand of nationally significant primary products.	<input checked="" type="checkbox"/>	Explain in detail how market forces affect supply and demand of nationally significant primary products.	Explain in detail how market forces affect supply and demand of nationally significant primary products.
			Justify the key market force affecting supply and/or demand of a nationally significant primary product(s).
Overall Level of Performance (all criteria within a column are met)			M

You are advised to spend 70 minutes answering the questions in this booklet.

You are advised to spend:

- 30 minutes answering Question One
- 30 minutes answering Question Two
- 10 minutes answering Question Three.

INSTRUCTIONS

This assessment requires you to answer questions related to **TWO nationally significant primary products** that you have studied this year.

Before you select your TWO nationally significant primary products, **carefully read Questions One, Two, and Three**, and ensure that your selections will allow you to meet the requirements of **ALL** the questions.

ENTER YOUR SELECTIONS HERE

Nationally significant primary product (1): Lamb

Nationally significant primary product (2): Kiwifruit

For **each** selected primary product, explain **in detail** how the market forces listed below have affected the supply and demand for the product:

For Questions One and Three:

Market forces affecting **supply**

- exchange rate
- market manipulations
- seasonality.

For Question Two:

Market forces affecting **demand**

- consumer preference
- promotion
- price.

Use units and values, where appropriate, to help in your explanations.

QUESTION ONE: Market forces affecting the supply of your products

 Assessor's
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(a) EXCHANGE RATE

The value of the New Zealand dollar can influence the supply of most primary products.

For **each** of your selected primary products:

EITHER

Explain, in detail, how the change in the value of the New Zealand dollar during 2006 is likely to **impact on the quantity** that producers of your selected products would aim to produce over the next 1–2 years

OR

~~Explain, in detail, why the change in the value of the New Zealand dollar during 2006 will have **little or no effect on the quantity** that producers of your selected products would aim to produce over the next 1–2 years – if you consider this to be the case.~~

(i) Primary product (1): Lamb

Explanation:

The Exchange rate has been fluctuating over the last few years. But it hasn't changed greatly. Even if it did NZ (New Zealand) will not just stop producing lamb for the export markets or start producing a different produce. As lamb is a high input product and would be very hard to change. But they might produce a little less if it was really high.

A.

(ii) Primary product (2): Kiwifruit.

Explanation:

The exchange rate has been fluctuating over the last few years. But it hasn't changed greatly. Even if it did NZ would not just stop producing kiwifruit for the export market or greatly decrease the amount produced.

They might decrease the amount produced only slightly if the ~~the~~ exchange rate was really high. But this would be difficult to do as growing kiwifruit is a high input product.

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(b) MARKET MANIPULATIONS

Governments, producer organisations, and large processing companies can manipulate the quantity and/or timing of the supply of primary products from the producers.

For each of your selected primary products:

EITHER

Explain, in detail, how a **specific** market manipulation is able to **change the quantity and/or timing** of the product's supply

OR

Explain, in detail, why market manipulations have **little or no effect on the quantity and/or timing** of the product's supply – if you consider this to be the case.

- (i) Primary product (1): Lamb

Explanation:

NZ lamb has specific quotas it has to meet in Europe & cannot produce more than the specific amount, otherwise these are put in place by the Europe government to protect the local producers ~~grow~~ as they will still get their market share and not get wiped out by export lamb. If NZ doesn't produce as much as the quota requires our product will become unreliable and ~~not as~~ ~~man~~ people buying it won't be sure whether it meets the requirements or not.

(ii) Primary product (2): Kiwifruit

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Explanation:

By growing kiwifruit under the Zespri brand they are able to produce kiwifruit all year round to other countries as the kiwifruit is grown off shore in countries. This allows the kiwifruit to be a reliable ^{supply} source and quality as all the kiwifruit produced must meet the Zespri regulations.

By doing this NZ (New Zealand) can produce it at whenever it is needed to be supplied, and also a specific quantity which is required by the consumers.

A.

(c) **SEASONALITY**

Seasonality of production is an important market force affecting the supply of many plant and animal products.

For each of your selected primary products:

EITHER

Explain, in detail, how seasonality of production influences the supply of the product to markets throughout the year

OR

Explain, in detail, why seasonality of production has **little or no effect on the supply** of the product to markets throughout the year – if you consider this to be the case.

(i) Primary product (1): Lamb

Explanation:

New Zealand (NZ) is trying to produce ~~the~~ lamb all year round to meet the growing demand. We are lucky as our climate in New Zealand varies greatly depending on where you are in NZ. This works in NZ's favour so ~~we~~ we can produce lambs all year round, it is achieved by using Oestims and starting mating earlier so we can produce lamb out of season and get a premium price for it, as a result.

A

(ii) Primary product (2): Kiwifruit

Explanation:

New Zealand produces kiwifruit under the Zespri brand which is an growers organisation that works together to ~~produce~~ ^{grow} kiwifruit. The countries involved are Korea, China, Australia and Canada. They all grow kiwifruit to the Zespri market requirements therefore it ensures that the kiwifruit are all of the same standard and quality so the consumers know they are getting a quality product. By growing the kiwifruit under a growers organisation they are also able to produce kiwifruit out of season to other countries throughout the year. As NZ cannot grow kiwifruit all year round because of the varying climatic conditions and frosts.

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QUESTION TWO: Market forces affecting the demand for your products

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(a) CONSUMER PREFERENCE

The preferences shown by consumers for primary products can change over time, and as a result the demand for the product may change.

For each of your selected primary products:

EITHER

Explain, in detail, any **trend** in consumer preference over the past 3–4 years, and how this has affected the demand for your product.

OR

Explain, in detail, why consumer preference has had **little or no effect on the demand** for your product – if you consider this to be the case.

(i) Primary product (1): Lamb

Explanation:

The consumers prefer to have large ~~large~~ cuts of lamb, with little fat ~~as~~, red in colour, and high in protein.

Today's consumers are now becoming very health conscious and would prefer meat with little fat, and high in protein. The ~~color~~ colour also preferred is red as it has a better presentation. They also like the lamb to be quick and easy to prepare. So the lamb produced for the European market is ~~semi~~ pre cut ~~is~~ and also comes chilled so it doesn't take as long to prepare. So the lamb fits in with today's fast paced society.

With the consumers being increasingly health conscious ~~they~~ ~~are~~ lamb's demand has increased as it's a health source of protein and iron.

A

(ii) Primary product (2): Kiwifruit

Explanation:

The China market prefer large kiwifruit so they can eat them individually. They also like them to have a brighter colour, this increases the kiwifruit's appearance and also increases its presentation. As presentation is very important when they prepare food. New Zealand has tried to produce larger kiwifruit to meet this demand. They also like a sweeter taste, which our gold kiwifruit have so NZ (New Zealand) gold kiwifruit are very popular over there.

Assessor's
use only

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(b) PROMOTION

Different forms of promotion are used by producer organisations, processors, and producers to increase consumer demand for primary products.

For each of your selected primary products:

EITHER

Explain, in detail, how the product is promoted in order to increase consumer demand for it.

OR

Explain, in detail, why promotion of your selected product is **not attempted** – if you consider this to be the case.

- (i) Primary product (1): Lamb

Explanation:

In New Zealand and overseas Lamb is promoted by using Athletes such as Sarah Olmer and the Ever-swindalls who have excelled in their chosen sport. This helps reinforce the fact that we ~~need~~ need iron and protein for muscle development and general well being. It also is promoted by giving out free recipes which show the easy ways the lamb can be prepared and the different ~~how~~ things you can ~~make~~ cook it with. This helps show people the ways they can prepare lamb and make them more aware that it's an interesting, tasty meal.

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(ii) Primary product (2): Kiwifruit

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Explanation:

IN china they use Hollywood stars to help create awareness about kiwifruit. They also have taste testers of kiwifruit in supermarket to give people a taste to see whether they like it.

While in Europe the kiwifruit is given to children at school and barbeque events to try and encourage them that it's a nice healthy treat which contains lots of vitamins and minerals essential for daily life.

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A

(c) PRICE

Price is the dominant market force influencing consumer demand for most primary products.

For each of your selected primary products:

EITHER

Explain, in detail, how average market prices over the last three years have **affected the demand** for your product

OR

Explain, in detail, why the average market price has had **little or no effect on the demand** for your product – if you consider this to be the case.

- (i) Primary product (1): lamb.

Explanation:

The price for lamb have slightly fluctuated of the last few years. In 2002 it was \$70 per head then the price decrease in 2003 to \$64 and while in 2004/05 it increased again to \$68, ~~this was~~ then it decreased greatly to \$57 in 2005/06 season due to the high NZ dollar against the green back.

But even though the prices have fluctuated there is still a high demand for NZ lamb overseas because of its high quality and consistent supply.

(ii) Primary product (2): Kiwifruit

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Explanation:

Kiwifruit prices have also fluctuated in 2001 the average price was \$9 while in 2002 it decrease to \$6 then increased in 2003/04 to \$7.80 and its due to ~~decrease~~ decrease slightly this year.

Even though our kiwifruit prices have fluctuated there is a huge demand for ^{our} kiwifruit as not many countries produce kiwifruit so it's almost a treat when it's sold in overseas countries.

Demand?

QUESTION THREE: A key market force affecting supply

Read the question below, and then select ONE of the primary products you used to answer Questions One and Two.

Selected primary product: ~~Lamb~~ ~~Kiwi fruit~~ ~~Lamb~~ ~~Kiwifruit~~ Lamb.

Consider the market forces affecting the **supply** of your selected primary product:

- exchange rate
- market manipulation
- seasonality.

EITHER

Select ONE that you consider to be the **key** market force affecting the supply of the product. **Justify** the selection of this market force by explaining why it has a greater influence on the **supply** of the product than the other market forces.

OR

You may consider that there is no **key** market force affecting the **supply** of the product. **Justify** your opinion by explaining why TWO or more of the market forces listed above are of similar importance.

Selected key market force(s): Seasonality

Justification:

New Zealand is meeting the quotas set by other countries but and it meets all of the market requirements but we need to produce lamb all year round NZ (New Zealand) farmers are now working on this as there would be a shortage of lambes supplied this will also give us a higher price in return for the lamb. NZ can only achieve this by carrying out oestrous and producing breeding out of season.

By producing lamb out of season it will give New Zealand an edge above other countries producing lamb. The exchange rate won't greatly affect NZ as it is only fluctuating slightly and even if it changed greatly we wouldn't be able to change the amount we supply to the country as it's a high input produce.

By producing ~~the~~ out of season we will also be able to meet the markets in Europe where there Christmas is when production is low giving us more money in return. As the supply will be low.

so producing out of season is the best