



**EDUCATIONAL QUALITY AND
ASSESSMENT PROGRAMME**

Scoring Schedule 2018

**South Pacific
Form
Seven
Certificate**



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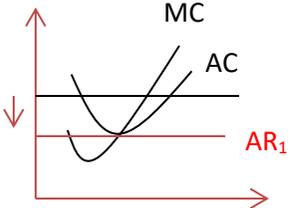
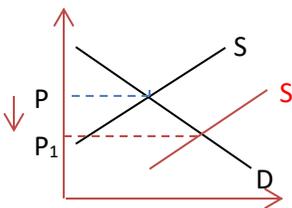
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Scoring Criteria

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
1.1a	Eco1.1.2.13	2	Free trade means no tariff, Therefore it is the price at $S_w =$ \$3.00 per kg			Free trade means no tariff, Therefore it is the price at $S_w =$ \$3.00 per kg OR Idea is correct.	Price before tariff.
1.1b	Eco1.1.3.7	3	When the price is \$4.00 domestic supply is 40 million kg but the demand is 80 million kg, so the country will import 40 million kg to supply the shortfall.		When the price is \$4.00 domestic supply is 40 million kg but the demand is 80 million kg, so the country will import 40 million kg to supply the shortfall. Idea is correct.	Imports will be 40 million kg. <i>No reason given as to why imports are 40 m kg.</i>	Imports will fall because they are expensive.
1.1c	Eco1.1.3.9	3	1. Domestic buyers can buy more since the price is cheaper than before. 2. Domestic producers will face more competition from importers of beef, thus earn less income. 3. The government will not earn any revenue (ie. Tariff) from the import of beef.		1. Domestic buyers can buy more since the price is cheaper than before. 2. Domestic producers will face more competition from importers of beef, thus earn less income. 3. The government will not earn any revenue (ie. Tariff) from the import of beef. NB: Relationship between the ideas provided.	<i>Only two correct effects given.</i>	<i>Only one correct effect given</i> OR <i>Definition of free trade</i>

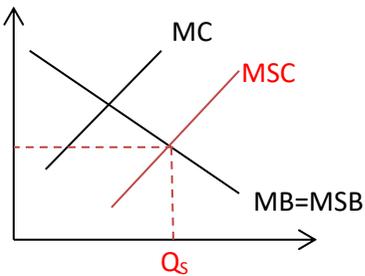
No.	LO	Skill score	Evidence	Student Response Level													
				4	3	2	1										
1.2a	Eco1.2.2.1	2	<p style="text-align: center;">Mary's Demand Curve for Oranges per day</p> <table border="1"> <caption>Data points for Mary's Demand Curve</caption> <thead> <tr> <th>Quantity (Q)</th> <th>Price (P)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2.0</td> </tr> <tr> <td>2</td> <td>1.5</td> </tr> <tr> <td>3</td> <td>0.5</td> </tr> <tr> <td>4</td> <td>0.25</td> </tr> </tbody> </table>	Quantity (Q)	Price (P)	1	2.0	2	1.5	3	0.5	4	0.25			<ul style="list-style-type: none"> - Demand curve correctly drawn as in the evidence column with the correct title. - Both axes have regular intervals. 	<p>Demand curve correctly drawn as in the evidence column but incorrect or no title.</p>
Quantity (Q)	Price (P)																
1	2.0																
2	1.5																
3	0.5																
4	0.25																
1.2b	Eco1.2.1.1	1	<p>Marginal utility is the extra satisfaction derived from consuming an additional unit of a commodity.</p>				<p>Marginal utility is the extra satisfaction derived from consuming an additional unit of a commodity.</p>										
1.2c	Eco1.2.1.2	1	<p>The Law of Demand states that quantity demanded will increase as price falls and less will be demanded as price increases.</p>				<p>The Law of Demand states that quantity demanded will increase as price falls and less will be demanded as price increases.</p>										
1.3a	Eco1.2.1.7	1	<p>Income elasticity of demand measures the responsiveness of demand to a change in consumers' income.</p>				<p>Income elasticity of demand measures the responsiveness of demand to a change in consumers' income.</p> <p>Idea is correct</p>										

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
1.3bi	Eco1.2.2.5	2	$\text{YED} = \frac{\% \text{ change Quantity}_B}{\% \text{ change in Income}}$ $= \frac{4}{2}$ $= \underline{2}$			$\text{YED} = \frac{\% \text{ change Quantity}_B}{\% \text{ change in Income}}$ $= \frac{4}{2}$ $= \underline{2}$	<i>Only formula given and is correct. OR Correct formula but wrong calculation.</i>
1.3bii	Eco1.2.1.9	1	<p>A luxury good Reason: Coefficient of YED >1</p>				A luxury good
1.4a	Eco1.3.2.6	2	<p>(i) MC of 2 units = 5 Hrs X \$10 = <u>\$50</u></p> <p>(ii) MC of 4 units = 30 Hrs X \$10 = <u>\$300</u></p>			<p>(i) MC of 2 units = 5 Hrs X \$10 = <u>\$50</u></p> <p>(ii) MC of 4 units = 30 Hrs X \$10 = <u>\$300</u></p>	<i>Only one correct answer.</i>
1.4b	Eco1.3.1.11	1	<p>As additional units of a variable factor are added to fixed factors, the additions to output will eventually fall.</p>				<p>As additional units of a variable factor are added to fixed factors, the additions to output will eventually fall.</p>
1.4c	Eco1.3.1.1	1	<p>Accounting costs are the monetary costs involved in production and do not include opportunity cost of production.</p>				<p>Accounting costs are the monetary costs involved in production and do not include opportunity cost of production.</p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
1.5a	Eco1.4.3.9	3	<p><u>Graph 3</u></p>  <p><u>Graph 4</u></p>  <p><u>Explanation:</u> In the long run new firms may enter the market, thus increasing supply. The supply curve shifts to the right (as in Graph 4) lowering the market price to P_1. As a price taker, the firm (milk producer) will have to lower its price until AC equals price. At this price the firm achieves a normal profit ($P=AC$)</p>	<p><i>Graphs drawn and labelled correctly with explanation on how normal profit is achieved in the long run.</i></p>	<p><i>Graphs drawn and labelled correctly without explanation on how normal profit is achieved in the long run.</i></p>	<p><i>Only one correct graph with correct label.</i></p> <p><i>Or</i></p> <p><i>No graph but one correct idea provided.</i></p>	
1.5b	Eco1.4.1.12	1	<p>Normal profit is a return to the entrepreneur that is just sufficient to keep him in his present activity.</p> <p>OR</p> <p>It is when the firm's total revenue equals total cost.</p> <p>OR</p> <p>When the firm breaks even.</p>				<p><i>Any one of the explanation in the evidence column.</i></p>
1.5c	Eco1.4.2.2	2	<p>(i) Many small firms</p> <p>(ii) Homogeneous product</p> <p>(iii) No barriers to entry into the market.</p> <p>(iv) Firms are price takers</p> <p>(v) Perfect information</p>			<p><i>Any two features given in the Evidence column.</i></p>	<p><i>Only one correct feature given.</i></p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
1.5d	Eco1.4.4.2	4	<p>Total revenue is total income producers receive from selling its produce in the market. Average revenue represents the average contribution of each unit to total revenue. It will be the same as price. Marginal revenue is the additional revenue received from the sale of one more unit of output. As the perfectly competitive firm is a price taker with no control over price, it will have to sell at the price determined by the market. As a result, the firm could sell unlimited quantities at the same price, therefore $MR = AR = Price$. The firm's Total revenue can be determined by multiplying the quantity sold by either its AR or MR or Price.</p>	<p><u>Total revenue</u> is total income producers receive from selling its produce in the market. <u>Average revenue</u> represents the average contribution of each unit to total revenue. It will be the same as price. <u>Marginal revenue</u> is the additional revenue received from the sale of one more unit of output. As the perfectly competitive firm (the milk producer) is a price taker with no control over price, it will have to sell at the price determined by the market. As a result, the firm could sell unlimited quantities at the same price, therefore $MR = AR = Price$.</p> <p><i>Two or more ideas provided and ideas are connected/ related to each other. Provides</i></p>	<p><i>Explained only the relationship between marginal, average and total revenue given but no example from the milk production.</i></p>	<p><i>Defined marginal revenue, average revenue and total revenue.</i></p>	<p><i>Defined either marginal, average or total revenue.</i></p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
2.1a	Eco2.1.1.1	1	Free market is an economic system where most of the resources are owned by private individuals with limited government interference.				Free market is an economic system where most of the resources are owned by private individuals with limited government interference. <i>Idea is correct.</i>
2.1b	Eco2.1.2.2	2	(i) Imperfect markets eg. Monopolies. (ii) Merit & demerit goods (iii) Inequitable outcomes			(i) Imperfect markets eg. Monopolies. (ii) Merit & demerit goods (iii) Inequitable outcomes (Any two)	<i>Only one correct evidence given.</i>
2.1c	Eco2.1.2.10	2	(i) Consumption is non-rival and non-depletable (ii) Consumption is non-excludable by price. (iii) Externalities arise from either its production or consumption.			<i>Any two features from the evidences given.</i>	<i>Any one feature from the evidences given.</i>
2.1d	Eco2.1.2.11	2	(i) Subsidies (ii) Transfer Payments & income support (iii) Taxation (iv) Regulation			(i) Subsidies (ii) Transfer Payments & income support (iii) Taxation (iv) Regulation (Any two)	<i>Only one correct item.</i>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
2.1e	Eco2.1.3.21	3	Public goods are not excludable by price. As a result firms will be unable to charge an appropriate price or make a profit and so these goods will not be supplied by the market. The government will have to provide these goods free of charge and pay for them through the tax system.		Public goods are not excludable by price. As a result firms will be unable to charge an appropriate price or make a profit and so these goods will not be supplied by the market. The government will have to provide these goods free of charge and pay for them through the tax system.	Public goods are free of charge and they will not be supplied by the market. OR Public goods are not excludable by price	Public goods are free of charge.
2.2a	Eco2.1.1.5	1	Property Rights give exclusive right to use and disposal of property to those who own the property.				Property Rights give exclusive right to use and disposal of property to those who own the property. <i>The idea is correct.</i>
2.2b (i)	Eco2.1.1.5	3	<u>Graph 5</u> 		Graph of MSC correctly drawn (ie. on the right of MC) and labelled with the Social equilibrium quantity identified.	Only the graph of MSC correctly drawn (ie. on the right of MC) and labelled.	Location of the MSC curve is correct by not labelled.

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
2.2bii 2.2biii	Eco2.1.1.7 Eco2.1.1.6	1 1	<p><u>Graph 5</u></p>				<p>Private equilibrium price correctly labelled.</p> <p>Social equilibrium price correctly labelled.</p>
2.2c	Eco2.1.4.2	4	<p>Government uses tax to discourage the production or consumption of demerit goods. The tax increases the cost to producers, which reduces supply and increases price for consumers so that the quantity demanded decreases. Some examples of taxes on demerit goods include excise taxes on alcohol and tobacco. Because cigarettes are addictive, demand will be inelastic which means that these taxes will be less effective in reducing consumption. However, they represent a significant source of revenue for the government.</p>	<p>Government uses tax to discourage the production or consumption of demerit goods. The tax <u>increases the cost to producers</u>, which reduces supply and <u>increases price for consumers</u> so that the quantity demanded decreases. Some examples of taxes on demerit goods include excise taxes on alcohol and tobacco. Because cigarettes are <u>addictive, demand will be inelastic</u> which means that</p>	<ul style="list-style-type: none"> - The tax increases the cost to producers. - increases price for consumers - a significant source of revenue for the government. <p>Two or more ideas provided and ideas are connected/ related to each other. Provides causes and effects.</p>	<p>The tax increases the cost to producers.</p> <ul style="list-style-type: none"> - increases price for consumers - a significant source of revenue for the government. <p>(Any two of the above)</p> <p>Two or more ideas provided but are independent, not related.</p>	<p>The tax increases the cost to producers.</p> <ul style="list-style-type: none"> - increases price for consumers - a significant source of revenue for the government. <p>(Any one of the above)</p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
			<p>these taxes will be less effective in reducing consumption. However, they represent a <u>significant source of revenue for the government.</u></p> <p><i>Two or more ideas provided and ideas are connected/ related to each other. Provides causes and effects. Uses a valid example to support ideas. Able to reach abstract thinking, decisions.</i></p>				
3.1a	Eco3.1.2.5	2	<p><i>GDP = C + I + ΔR + G + (X – M)</i> <i>= 44000 + 14000 + 2000 + 12000 + (19000 – 20000)</i> <i>= \$71000</i></p>			<p><i>Calculation & correct answer given.</i> OR <i>Only the correct answer given.</i></p>	<p><i>One of the components of the formula missing.</i> OR <i>Correct formula but final answer is wrong.</i></p>
3.1b	Eco3.1.1.4	1	<p><i>Real GDP is the value of goods & services measured in constant terms (ie. Value has been deflated for the changes in price level).</i></p>				<p><i>Real GDP is the value of goods & services measured in constant terms (ie. Value has been deflated for the changes in price level). Idea is correct.</i></p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
3.1c	Eco3.1.1.5	1	<p>(i) Gross Fixed Capital Formation (I)</p> <p>(ii) Net Export (Export of goods – Import of Goods)</p> <p>(iii) Final Consumption Expenditure by Government</p> <p>(iv) Final Consumption Expenditure by Private Sector</p>				Any one component mentioned in the evidence column.
3.2a	Eco3.1.1.12	1	Appreciation refers to the increase in the value (or price) of the currency in terms of another.				Appreciation refers to the increase in the value (or price) of the currency in terms of another. <i>Idea is correct using figures</i>
3.2b	Eco3.1.2.9	2	The interaction of supply and demand determines the exchange rate in the foreign exchange market. Therefore the rate can change when there is a change in supply or demand conditions.			The interaction of supply and demand determines the exchange rate in the foreign exchange market. Therefore the rate can change when there is a change in supply or demand conditions.	<i>Only one of the two explanations is given.</i>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
3.2c	Eco3.1.2.10	2	<p>(i) Increase in demand for Australian goods.</p> <p>(ii) Domestic prices are lower than the rest of the world.</p> <p>(iii) Interest rates increase or higher than the rest of the world so investors are attracted to deposit more funds locally.</p>			Any two correct reasons given.	Any one reason given

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
3.2d	Eco3.1.4.2	4	<p>An appreciation can result from an increase in the demand for or a decrease in the supply of the currency.</p> <p>Impact on Exports: - they become less competitive when priced in other currencies. There it discourages exports.</p> <p>Impact on Imports: - they become cheaper so imports may increase.</p> <p>This may lead to a fall in net exports.</p>	<p>An appreciation can result from an <u>increase in the demand</u> for or a <u>decrease in the supply</u> of the currency.</p> <p>Impact on Exports: - they become <u>less competitive when priced in other currencies</u>. There it discourages exports.</p> <p>Impact on Imports: - they become <u>cheaper</u> so imports may increase.</p> <p>This may lead to a <u>fall in net exports</u>.</p> <p><i>Two or more ideas provided and ideas are connected/ related to each other. Provides causes and effects.</i></p> <p><i>Uses a valid example to support ideas.</i></p> <p><i>Able to reach abstract thinking, decisions.</i></p>	<p>An appreciation can result from an <u>increase in the demand</u> for or a <u>decrease in the supply</u> of the currency.</p> <p>Exports become expensive so it decreases.</p> <p>OR</p> <p>An appreciation can result from an <u>increase in the demand</u> for or a <u>decrease in the supply</u> of the currency.</p> <p>Imports become cheaper so it increases.</p>	<p>An appreciation can result from an <u>increase in the demand</u> for or a <u>decrease in the supply</u> of the currency.</p> <p>Net exports fall.</p>	<p>An appreciation can result from an <u>increase in the demand</u> for or a <u>decrease in the supply</u> of the currency.</p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
3.3ai	Eco3.2.1.7	1					<i>PL correctly labelled</i>
3.3aii	Eco3.2.1.8	1					<i>Y_e correctly labelled.</i>
3.3b	Eco3.2.1.2	1	<p>Monetary policy is policy managed by the Reserve Bank to influence economic activity by controlling money supply.</p>				Monetary policy is policy managed by the Reserve Bank to influence economic activity by controlling money supply.
3.3c	Eco3.2.1.11	1	<p>(i) Decrease the OCR (Official Cash Rate) (ii) Open Market Purchase. (iii) Moral suasion/ Jawboning (iv) Decrease Reserve Ratio (v) Print more money</p>				<p><i>Any one of the tools of monetary policy provided.</i> OR <i>Expansionary monetary policy</i></p>

No.	LO	Skill score	Evidence	Student Response Level			
				4	3	2	1
3.3d	Eco3.2.3.29	3	<p>(i) OCR - The Reserve Bank has leverage over interest rates for the whole banking system and thus those faced by the households and firms.</p> <p>(ii) Open market purchase is when the Reserve Bank buys government securities. This will <u>increase money supply in the economy</u>, so demand for goods and services will increase. Firms will <u>cut down production</u> and hire more workers, thus <u>increase employment</u>.</p> <p>(iii) Decrease Reserve Asset Ratio (RAR). <u>Banks' lending will increase, hence money supply</u>. Demand for goods & services will increase. Firms will increase production and hire more workers so employment will increase.</p>		<p>(i) OCR - The Reserve Bank has leverage over interest rates for the whole banking system and thus those faced by the households and firms. Decrease in interest rates would mean a decrease in the cost of borrowing. This would encourage borrowing by the whole banking system and firms. The amount of credit will rise so firms will increase production and hire more workers, thus unemployment will fall. OR</p> <p>(ii) Open market purchase is when the Reserve Bank buys government securities. This will <u>increase money supply in the economy</u>, so demand for goods and services will increase. Firms will <u>increase production</u> and hire more workers, thus <u>increase employment</u>. OR</p> <p>(iii) Decrease Reserve Asset Ratio (RAR). Banks' lending will increase, hence money supply. Demand for goods & services will increase. Firms will increase production and hire more workers so employment will increase.</p>	<p><u>OCR</u> Decrease in interest rate will increase money supply in the economy. -Firms increase production and hire more workers. Therefore employment will increase. <u>OR</u> <u>Open market purchase</u> Open market purchase will increase <u>money supply</u>, Firms will <u>increase production</u> and hire more workers, thus <u>increase employment</u>.</p>	<p>Decrease in interest rate will increase money supply in the economy. Employment will rise. <u>OR</u> Open market purchase will increase money supply in the economy and employment will rise.</p>

THE END