

The **topics** and **types of questions** examined in this Achievement Standard. Use this sheet to plan and organise your study so that you cover everything that is required.

FREE DOWNLOADS: For more of these Revision Checklists visit www.studypass.co.nz



Copyright © 2009 Growing Minds Ltd.

NCEA Study Packs contain the past NCEA questions for all exams for each of these topics. Full answers, explanations and a set of summary course notes. View all titles at www.studypass.co.nz



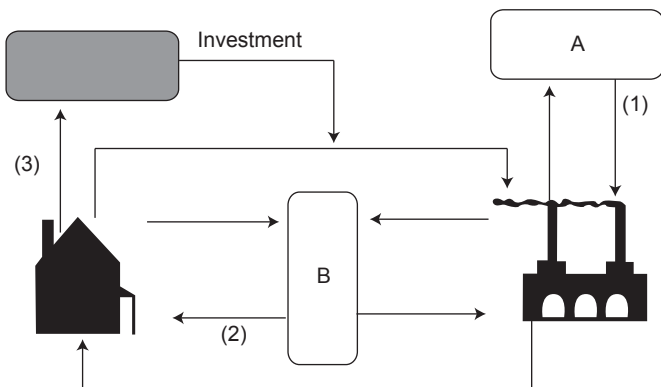
1.5 SECTORS OF THE ECONOMY AS 90199

Describe major sectors of the economy and its relationships between them

1.5 1. Circular flow diagrams

- identifying major sectors within the economy (households, producers, government, the financial sector and the overseas sector).
- identifying real flows and money flows between these sectors.

▶ The diagram below shows the circular flow of economic activity, and the relationships between sectors of the economy. Only money flows are shown.



- State the names of flows (1), (2) and (3).
- Name the sectors labelled A and B.
- Name the real flow that is linked to each of the following money flows.

Money flow	Real flow
(i) Income	
(ii) Consumer spending	

▶ New Zealand filmmakers Peter Jackson and Fran Walsh are to team up with software giant Microsoft to create interactive games.

Jackson, Walsh, and Microsoft Game Studios have combined to launch Wingnut Interactive, described as a “New Zealand-based studio dedicated to the creation of world-class interactive entertainment”.
www.stuff.co.nz 29 September 2006

- This venture by Peter Jackson is expected to increase export receipts in 2008.
Describe what is meant by an export receipt.
- Explain ONE immediate benefit that this venture might have for households in New Zealand.
- Fully explain ONE likely flow-on effect that this venture will have for each of the following:
 - the New Zealand Government
 - other firms in New Zealand

▶ The New Zealand Government has a central role in the circular flow of economic activity.

- Give ONE other name for the government sector.
 - Give ONE example of an indirect tax.
- The Government makes transfer payments by taking money from some parts of the economy and giving it to others. Explain how an increase in unemployment benefits may affect any sector other than households or government.

1.5 2. Interdependence between sectors

- the effects of a change on a sector, and flow-on to the other sector(s).

- Define the term interdependence.
- Explain how households and producers are interdependent.
- Explain how the financial sector and the household sector are interdependent.
- Explain the interdependence that exists between the producer sector and the government.

▶ New Zealanders are becoming more health conscious and some are concerned that genetically engineered (GE) crops may be dangerous.

If New Zealand households decided to ‘grow their own’ GE-free vegetables rather than buy vegetables from shops, it would impact on all sectors of the New Zealand economy.

- Explain the impact on the producer sector of New Zealand households ‘growing their own’ GE-free foods.
- Explain the impact on the household sector of New Zealand households ‘growing their own’ GE-free foods.

▶ Business leaders are frequently asking the government to reduce company taxes as a method of increasing economic activity in New Zealand. They feel very strongly that cutting taxes would encourage innovation and result in an increase in the production of goods and services in New Zealand.

- Explain ONE effect on the producer sector of a reduction in company tax.
- Explain a flow-on effect to the overseas sector of the effect identified in (a).
- Explain a further flow-on effect to the household sector of ONE of the effects identified in (a) or (b).
- Explain a further flow-on effect to the financial sector of ONE of the effects identified in (a), (b) or (c).
- Explain a further flow-on effect to the government sector of ONE of the effects identified in (a), (b), (c) or (d).