**NZQA**

**Approved**

Achievement standard: 90988 Version 3

Standard title: Demonstrate understanding of the interdependence of sectors of the New Zealand economy

Level: 1

Credits: 3

Resource title: Beauty and business

Resource reference: Economics VP-1.6 v2

Vocational pathway: Services Industries

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| Date version published | February 2015 Version 2To support internal assessment from 2015 |
| Quality assurance status | These materials have been quality assured by NZQA. NZQA Approved number A-A-02-2015-90988-02-7208 |
| Authenticity of evidence | Assessors/educators must manage authenticity for any assessment from a public source, because learners may have access to the assessment schedule or exemplar material.Using this assessment resource without modification may mean that learners’ work is not authentic. Assessors/ educators may need to change figures, measurements or data sources or set a different context or topic to be investigated or a different text to read or perform. |

Vocational Pathway Assessment Resource

Achievement standard: 90988

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Learner instructions

# Introduction

This assessment activity requires you to demonstrate understanding of the interdependence between primary, secondary and tertiary firms, and illustrate and explain how your household is interdependent with producers, the government and financial sector of the New Zealand (NZ) economy.

You are going to be assessed on how comprehensively you demonstrate understanding of the interdependence of sectors in the NZ economy using the beauty industry as your focus.

The following instructions provide you with a way to structure your work so you can demonstrate what you have learnt and achieve success in this standard:

Assessor/educator note: It is expected that the assessor/educator will read the learner instructions and modify them if necessary to suit their learners.

# Task

You will use the beauty business you work for to illustrate and explain how they are interdependent with other primary, secondary or tertiary firms (sectors). You will also explain how or why your household is interdependent with the beauty business as a producer and how or why your household is interdependent with the government and financial sector of the NZ economy, using an economic model.

You are going to select an event that will affect the firm that you work for in the beauty industry and explain how the event impacts on the wider producer sector and the flow-on effects to other sectors of the NZ economy, using an economic model.

The sectors in the NZ economy refer to:

* producer (divided into primary, secondary and tertiary firms)
* household
* financial
* government
* and overseas.

‘Interdependence’ refers to the two-way relationships that exist between different sectors.

## There are two parts to this task; you need to complete both parts of this activity.

## Part 1: Sectors, flows and interdependence

Briefly introduce your beauty business by naming it and the type of producer sector (primary, secondary, or tertiary firm) that it belongs to, and define or describe the key characteristics of this sector.

Name two other firms that your beauty business deals with and explain the interdependent relationships using Resource 1 as a guide.

Construct a five-sector circular flow diagram using arrows to show real flows and money flows and label them. The relationships you show must be interdependent so you need to show two-way real and money flows. Use Resource 2 to help with planning your diagram model.

Explain in detail how or why the beauty business is interdependent with your household; refer to the real and money flows in your answer.

Explain in detail how or why your household is interdependent with the government and financial sector; refer to the real (where applicable) and money flows in your answer.

## Part 2: The event’s impact on the beauty industry and flow-on effects

In this section you need to focus on the whole beauty industry and other sectors of the NZ economy, not just the beauty business you work for used in Part 1.

Select an event from the list below or use another that has been approved by your assessor/educator:

* NZ fashion week becomes a seasonal event with increasing international involvement
* NZ hosts a major international beauty pageant
* increase in prices of overseas products due to a weaker NZ dollar
* new health and safety regulations come into effect on all health and beauty products.

Brainstorm a list of economic effects your selected event will have on the NZ beauty industry.

Explain in detail how the selected event will impact on the beauty industry and the wider producer sector. Refer to the businesses identified in your diagram in Part 1.

Using your circular flow diagram (based on Resource 2) show the impact of the selected event on the producer sector and other sectors of the NZ economy. Use arrows to indicate a decrease or increase in real and money flows and add brief notes to explain the arrows.

Explain in detail the flow-on effects from the producer sector to other sectors. Explain clearly the links between the initial impact of the event and the flow-on effects throughout the NZ economy, incorporating the changes shown on your economic model above.

# Resources

***Resource 1: Interdependence within the producer sector***

**Beauty Firm**

Explain the nature of the Interdependence

Explain the nature of the Interdependence

Tertiary producer; for example:

Secondary producer; for example:

***Resource 2: The five sectors of the circular flow diagram***

Financial Sector

Overseas Sector

Household Sector

Producer Sector

(Beauty Industry)

**Key:**

Real Flow

Money Flow

Vocational Pathway Assessment Resource

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Vocational pathway: Services Industries

Assessor/Educator guidelines

# Introduction

The following guidelines are supplied to enable assessors/educators to carry out valid and consistent assessment using this internal assessment resource.

As with all assessment resources, education providers will need to follow their own quality control processes. Assessors/educators must manage authenticity for any assessment from a public source, because learners may have access to the assessment schedule or exemplar material. Using this assessment resource without modification may mean that learners' work is not authentic. The assessor/educator may need to change figures, measurements or data sources or set a different context or topic. Assessors/educators need to consider the local context in which learning is taking place and its relevance for learners.

Assessors/educators need to be very familiar with the outcome being assessed by the achievement standard. The achievement criteria and the explanatory notes contain information, definitions, and requirements that are crucial when interpreting the standard and assessing learners against it.

# Context/setting

This activity requires learners to use their workplace or investigate a beauty business to gain an understanding of the interdependence of sectors of the New Zealand economy.

Learners use the firm and their own household to gain understanding about the interdependent relationships they have with other sectors of the economy, and how an event can impact on the beauty industry and have flow-on effects to other sectors of the NZ economy, using an economic model they have constructed.

# Conditions

You will need to determine how long learners need to complete each task and what processes they will follow.

If some of the activities are not undertaken in class time it will be necessary to ensure appropriate processes are put in place for the authentication of learner work.

Allow learners who do not currently work for a beauty firm to visit a beauty firm to understand the business and collect information from it. This could be done in small groups or pairs, and is not assessed. If learners cannot collect suitable evidence in the field they could use the internet, or you could provide resource materials.

# Resource requirements

Suitable websites can be added to support this task on the beauty industry.

[www.hito.org.nz](http://www.hito.org.nz)

[www.beautynz.org.nz](http://www.beautynz.org.nz)

<http://www.ehow.com/info_7754520_much-startup-hair-salon-business.html>

# Additional information

Other possible modes of assessment include self-assessment, peer assessment, an electronic portfolio, blog or wiki, oral demonstration or visual portfolio (e.g. video or annotated photographs).

## Other possible contexts for this vocational pathway

This resource could be adapted for workers in other services industries such as hospitality workers, exporters or tourism workers who need to gain an understanding of the interdependence of sectors of the New Zealand economy, and understand how an event can impact on the industry they work in and have flow-on effects for their own household.

# Assessment schedule: Economics 90988 – Beauty and business

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| Evidence/Judgements for Achievement | Evidence/Judgements for Achievement with Merit | Evidence/Judgements for Achievement with Excellence |
| The learner demonstrates understanding of the interdependence of sectors of the New Zealand economy by:* identifying, defining or describing sectors and flows
* providing an explanation of how or why sectors are interdependent
* constructing an economic model to show interdependence and the effect of an event on a sector, or flow-on effects to other sectors
* providing an explanation of the impact of an event on a sector and/or the flow-on effects to other sectors.

*The beauty firm is part of the tertiary sector. It is part of the tertiary sector because it provides services for clients, like beauty treatments. Firm XYZ relies on firm ABC, a secondary firm, for the beauty products they make and firm ABC relies on firm XYZ to use their beauty products for revenue.*The Model (economic circular flow diagram) is used to accurately show the real and money flows between sectors of the economy, including interdependence between the firm XYZ and the household, and the household and government and financial sectors.There is interdependence between the beauty firm and the households because firm XYZ relies on households for labour and households rely on firm XYZ for wages or salary. Households rely on government for public goods and services like education and health.Government relies on households for PAYE direct taxes.Households rely on the financial sector (banks) for home loans that they pay interest on and for savings accounts that gain interest. Banks rely on households to pay interest on home loans and get household savings that they then use for investment.The economic impact of a selected event on the beauty industry part of the producer sector is explained and/or the flow-on effects to at least two other sectors.Event: Increasing prices of overseas products due to a weaker New Zealand dollarImpact: Producers who rely on imported goods such as beauty products will be paying more for them.Flow-on effects: Producers’ costs of imported materials increases, and households cannot afford to buy as many imported goods, so firms selling imported products will get less revenue, and the government will get less GST.The above expected learner responses’ are indicative only and relate to just part of what is required. | The learner demonstrates in-depth understanding of the interdependence of sectors of the New Zealand economy by:* identifying, defining or describing sectors and flows
* providing a detailed explanation of how or why sectors are interdependent, using an economic model
* providing a detailed explanation of the impact of an event on a sector and/or the flow-on effects to other sectors, using an economic model.

The beauty firm is part of the tertiary sector. It is part of the tertiary sector because it provides services for clients, like beauty treatments. Firm XYZ relies on firm ABC, a secondary firm, for the beauty products they make and firm ABC relies on firm XYZ to use their beauty products for revenue.The Model (economic circular flow diagram) is used to accurately show the real and money flows between sectors of the economy, including interdependence between the firm XYZ and the household, and the household and government and financial sectors.This model is used to support the detailed explanation of the interdependence between sectors of the New Zealand economy, including the household and tertiary sector (beauty business) and two other sectors.Firm XYZ relies on firm ABC a secondary firm; to supply their manufactured beauty products and firm ABC relies on firm XYZ to use their beauty products for revenue.Firm XYZ relies on households for labour as shown by the real flow arrow from households to firms, and households rely on firm XYZ for income from employment as shown by the money flow arrow from firm XYZ to households. Firm XYZ also relies on households for consumption spending as shown by the money flow arrow from households to firms, and households rely on firm XYZ for beauty treatments as shown by the real flow arrow from firm XYZ to households. The government relies on households for GST and PAYE revenue (money flow arrow) and households rely on the government to supply public goods and services like health and education and transfer payments like benefits.The financial sector relies on households to pay interest on home loans and give them their savings (money flow arrow) which banks pay interest on and give back to households. The savings from households that banks get are as investment (money flow arrow) and loans provided to the producer sector for capital goods. The economic impact of a selected event on the beauty industry part of the producer sector is explained and/or the flow-on effects to at least two other sectors, supported by the economic model.Event: Increasing prices of overseas products due to a weaker New Zealand dollar.Impact: Beauty industry producers like firm XYZ who rely on imported goods like beauty products will be paying more for them, but the overseas demand for New Zealand products will increase (shown by real flow) because of the weaker New Zealand dollar so producers’ revenue (money flow) from exports will increase.Flow-on effects: Producers’ increased export earnings will mean they will demand more labour (real flow) and these households will be positively affected as their income increases due to being employed, and so the government will get more GST from consumption spending and PAYE tax revenue (money flows), and pay out less in unemployment benefits.The above expected learner responses are indicative only and relate to just part of what is required. | The learner demonstrates comprehensive understanding of the interdependence of sectors of the New Zealand economy by:* identifying, defining or describing sectors and flows
* providing a detailed explanation of how or why sectors are interdependent, using an economic model
* linking detailed explanations of the impact of an event on a sector with detailed explanations of the flow-on effects to other sectors, using an economic model.

The beauty firm is part of the tertiary sector. It is part of the tertiary sector because it provides services for clients, like beauty treatments. Firm XYZ relies on firm ABC, a secondary firm, for the beauty products they make and firm ABC relies on firm XYZ to use their beauty products for revenue.The Model (economic circular flow diagram) is used to accurately show the real and money flows between sectors of the economy, including interdependence between the firm XYZ and the household, and the household and government and financial sectors.This model is used to support the detailed explanation of the interdependence between sectors of the New Zealand economy, including the household and tertiary sector (beauty business) and two other sectors.Firm XYZ relies on firm ABC a secondary firm; to supply their manufactured beauty products and firm ABC relies on firm XYZ to use their beauty products for revenue.Firm XYZ relies on households for labour as shown by the real flow arrow from households to firms, and households rely on firm XYZ for income from employment as shown by the money flow arrow from firm XYZ to households. Firm XYZ also relies on households for consumption spending as shown by the money flow arrow from households to firms, and households rely on firm XYZ for beauty treatments as shown by the real flow arrow from firm XYZ to households. The government relies on households for GST and PAYE revenue (money flow arrow) and households rely on the government to supply public goods and services such as health and education and transfer payments like benefits.The financial sector relies on households to pay interest on home loans and give them their savings (money flow arrow) which banks pay interest on and give back to households. The savings from households that banks get are as investment (money flow arrow) and loans provided to the producer sector for capital goods. An accurate and detailed circular flow diagram is used to demonstrate the economic impact of an event on the beauty industry and the flow-on effect to other industries in the producer sector, and at least two other sectors of the economy. The response demonstrates effective use of appropriate terminology and shows linkages between sectors and the complexity of the flow-on effects. The response also demonstrates comprehensive understanding of the interdependence of sectors of the economy using the beauty industry as the initial focus. Event: Increasing prices of overseas products due to a weaker New Zealand dollar.Linking impact and flow-on effects: Beauty industry producers like firm XYZ who rely on imported goods like beauty products will be paying more for them. However, the overseas demand for New Zealand products will increase (shown by real flow) because of the weaker New Zealand dollar so producers’ revenue (money flow) from exports will increase. Demand for New Zealand products from the overseas sector increases because of the lower New Zealand dollar so more New Zealand products will need to be transported by tertiary producers like trucking firms who will also receive more revenue from exporters (money flows) who are receiving higher export receipts. Therefore exporters and trucking firms will demand more labour (real flow) and these households will be positively affected as their income increases due to being employed full-time, and so the government will get more GST from consumption spending and PAYE tax revenue (money flows), and pay out less in transfer payments (unemployment benefits). A weaker New Zealand dollar is good for all producers who export their goods and services overseas, but not for firms who import goods like beauty firm XYZ because their costs of production increase. However, if some households are receiving more income due to being employed full-time, then they will have more disposable income and may spend more on beauty treatments. These positive flow-on effects to exporters, households and government will cause an overall increase in national income in the New Zealand economy.The above expected learner responses are indicative only and relate to just part of what is required. |

Final grades will be decided using professional judgement based on an examination of the evidence provided against the criteria in the Achievement Standard. Judgements should be holistic, rather than based on a checklist approach.