

NZQA Approved

Internal Assessment Resource

Economics Level 2

This resource supports assessment against Achievement Standard 91228 version 2

Standard title: Analyse a contemporary economic issue of special interest using economic concepts and models

**Credits:** 4

Resource title: Is investing in sportspeople a sound use of taxpayers’ money?

**Resource reference:** Economics 2.7C

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| This resource:* Clarifies the requirements of the standard
* Supports good assessment practice
* Should be subjected to the school’s usual assessment quality assurance process
* Should be modified to make the context relevant to students in their school environment and ensure that submitted evidence is authentic
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| Date version published by Ministry of Education | February 2015To support internal assessment from 2015 |
| Quality assurance status | These materials have been quality assured by NZQA. NZQA Approved number A-A-02-2015-91228-01-9005 |
| Authenticity of evidence | Teachers must manage authenticity for any assessment from a public source, because students may have access to the assessment schedule or student exemplar material.Using this assessment resource without modification may mean that students’ work is not authentic. The teacher 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. |

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Teacher guidelines

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

Teachers 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 students against it.

Context/setting

This assessment activity requires students to comprehensively analyse the impact of government investment in sportspeople on the New Zealand (NZ) economy and society, integrating economic concepts and models into their explanations. The student evidence will take the form of a report.

You could adapt the activity to examine any sports related economic decision that the government makes that involves the allocation of scarce resources, and affects a local community or NZ society as a whole. Current government economic decision involving investment in a sporting event like the America’s Cup or the Rugby World Cup, for example.

Conditions

The research component can be conducted as a group, but the written analysis of the report must be completed individually.

Resource requirements

Students will need access to the internet and computers.

Students should refer to sources such as newspapers, journals, magazines, books, and email responses and non-print media sources such as TV, radio, interviews, and Internet chat sites for the research and report components of this assessment.

Additional information

None.

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Student instructions

Introduction

This assessment activity requires you to analyse government investment in sportspeople using economic concepts and models, by examining the reasons behind the establishment of High Performance Sport New Zealand (HPSNZ) with an annual spend of 60 million dollars.

You are going to be assessed on how comprehensively you analyse investment in sportspeople, comparing or contrasting the economic reasons behind this government decision, using economic concepts and integrating changes shown on economic models into these detailed explanations.

You will also compare or contrast the impacts of the HPSNZ investment decisions on the affected athletes and employees in rowing and swimming, and how another group in New Zealand (NZ) society is affected by the government decision to invest taxpayers’ money in sportspeople.

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

Teacher note: It is expected that the teacher will read the student instructions and modify them if necessary to suit their students.

Task

Research the economic reasons behind government investment in sportspeople.

Present a report analysing the reasons for government investment in sportspeople and its impact on the economy and NZ society.

You need to include the following in your report:

* Consider the influence of the expected returns on government investment in human capital (through HPSNZ), like national and international media attention via sports events, marketing and sponsorship, foreign investment in NZ and tourism.
* Compare or contrast identified economic reasons behind government investment in sportspeople and explain any relationships between them, linking your explanations to the AS/AD and PPF models (use the relevant components of AD in your explanations).
* Compare the current status of rowing and swimming, and how this affects HPSNZ investment in these sports.
* Compare or contrast how the various rowing and swimming athletes and employees are affected by the HPSNZ investment decisions using the Labour Market model.
* Consider the opportunity cost created by the government decision to annually invest taxpayers’ money in HPSNZ for another group in NZ society.

As you write your report, take care to refer to appropriate economic concepts and models in your explanations.

Resources

Websites

High Performance Sport New Zealand (HPSNZ) <http://www.hpsnz.org.nz/>

<http://www.sportspeople.co.nz/?ID=19053>

<http://www.stuff.co.nz/sport/other-sports/8100561/Equestrians-funding-boost-crucial-for-Rio-gold>

<http://www.hpsnz.org.nz/news-events/investment-targeted-more-medal-success-new-zealand>

Example of an opportunity cost created by the government decision to annually invest taxpayers’ money in HPSNZ for another group in NZ society:

<http://tvnz.co.nz/politics-news/food-in-schools-programme-insult-harawira-5449854>

Assessment schedule: Economics 91228 – Is investing in sportspeople a sound use of taxpayers’ money?

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| Evidence/Judgements for Achievement  | Evidence/Judgements for Achievement with Merit | Evidence/Judgements for Achievement with Excellence |
| The student analyses a contemporary economic issue of special interest using economic concepts and models by:* identifying, defining or describing concepts related to the contemporary economic issue

For example:Scarcity; allocation of scarce resources, in this case tax revenue. Funding decisions by HPSNZ (which athletes, which sports) will be based around the concept of best expected return on investment. Multiplier effect of investment in sportspeople on national income.* providing an explanation of causes (reasons) of the contemporary economic issue using economic models

For example:Government feels that the initial outlay of taxpayers’ money of $60 million spent annually by HPSNZ is a sound investment due to the multiplier effect.The government sector is investing in human capital through HPSNZ; and this is an increase in government spending as the $60 million is spent annually, increasing national income.Producers also gain from investment in HPSNZ, gaining more revenue from increased demand for goods and services, creating more employment, providing more income for households.Any increase in C, I, G, or (X-M) the components of AD means a shift right of the AD curve on the AS/AD model, and an increase in income, output and employment levels.* providing an explanation of the impacts of the contemporary economic issue on various groups in New Zealand society

For example:The allocated 60 million taxpayers’ dollars spent annually could be used by other groups in NZ society rather than on sportspeople. An opportunity cost example; this money could have been allocated to addressing child poverty. “Over five years, the programme (with Sanitarium and Fonterra to supply Weet-Bix and milk) will cost tax payers $9.5million, about $1.9million a year. Another $1.5million will be given to children’s charity KidsCan to pay for shoes and raincoats. Key maintains it's the responsibility of parents to feed their kids. The Government's announcement comes after a ONE News Colmar Brunton poll found strong support among Kiwis for a free food programme for poorer schools. Asked "Do you think the Government should provide food to children in poorer, low decile schools?" 70% of eligible voters said "yes", 26% said "no" and 4% were “unsure”.” <http://tvnz.co.nz/politics-news/food-in-schools-programme-insult-harawira-5449854>Additionally, the Labour Market model is used to show and explain the changes in DL between the rowing and swimming groups of athletes and employees.“Sports such as biking, rowing and yachting will continue to be well supported by HPSNZ. We have also significantly increased our investment in Equestrian Eventing, Canoe Racing and the Black Sticks women's hockey programme, because we believe they can deliver podium results in 2016. Rugby 7s will be on the Olympic programme in Rio and we're delighted to support both the men's and women's teams in their campaigns to win medals for New Zealand. We are supporting netball, as it eyes Commonwealth Games and world championship success, and we are also pleased to help other non-Olympic sports such as rugby league achieve their dream of retaining the Rugby League World Cup in 2013. Baumann says as expected the investment round was well over-subscribed, so not all sports which applied for investment have been supported, and some haven't received the support they hoped for. New Zealand doesn't have the resources that other larger nations have, but we are confident that by continuing the targeted investment approach that's been in place since 2006, we can continue to deliver the results New Zealanders want to see.” <http://www.hpsnz.org.nz/news-events/investment-targeted-more-medal-success-new-zealand>The examples above are indicative samples only. | The student analyses in-depth a contemporary economic issue of special interest using economic concepts and models by:* identifying, defining or describing concepts related to the contemporary economic issue

For example:Scarcity; allocation of scarce resources, in this case tax revenue. Funding decisions by HPSNZ (which athletes, which sports) will be based around the concept of best expected return on investment. Multiplier effect of investment in sportspeople on national income.* providing a detailed explanation of causes (reasons) of the contemporary economic issue using economic models

For example:Government feels that the initial outlay of taxpayers’ money of $60 million spent annually by HPSNZ is a sound investment due to the multiplier effect.The government sector is investing in human capital through HPSNZ; and this is an increase in government spending as $60 million is spent annually and is an injection so increases national income.Producers gain from the investment in HPSNZ gaining more revenue from increased demand for goods and services, derived demand, creating more employment due to increased DL, providing more income for households, so creating more economic growth.Any increase in C, I, G, or (X-M) the components of AD means a shift right of the AD curve on the AS/AD model, and an increase in income, output and employment levels as DL increases and the AD curve moves closer to Yf.Economic growth as determined by an increase in AD means …This is shown as a shift of the frontier curve outwards on the PPF model as productive capacity ...* providing a detailed explanation of the impacts of the contemporary economic issue on various groups in New Zealand society

For example:The allocated 60 million taxpayers’ dollars spent annually could be used by other groups in NZ society rather than on sportspeople. An opportunity cost example; this money could have been allocated to addressing child poverty. “Over five years, the programme (with Sanitarium and Fonterra to supply Weet-Bix and milk) will cost tax payers $9.5million, about $1.9million a year. Another $1.5million will be given to children’s charity KidsCan to pay for shoes and raincoats. Key maintains it's the responsibility of parents to feed their kids. The Government's announcement comes after a ONE News Colmar Brunton poll found strong support among Kiwis for a free food programme for poorer schools. Asked "Do you think the Government should provide food to children in poorer, low decile schools?" 70% of eligible voters said "yes", 26% said "no" and 4% were “unsure”.” <http://tvnz.co.nz/politics-news/food-in-schools-programme-insult-harawira-5449854>Additionally, the Labour Market model is used to show and explain the changes in DL between the Rowing and Swimming groups of athletes and employees, also using the concept of derived demand in the explanation.“Sports such as biking, rowing and yachting will continue to be well supported by HPSNZ. We have also significantly increased our investment in Equestrian Eventing, Canoe Racing and the Black Sticks women's hockey programme, because we believe they can deliver podium results in 2016. Rugby 7s will be on the Olympic programme in Rio and we're delighted to support both the men's and women's teams in their campaigns to win medals for New Zealand. We are supporting netball, as it eyes Commonwealth Games and world championship success, and we are also pleased to help other non-Olympic sports such as rugby league achieve their dream of retaining the Rugby League World Cup in 2013. Baumann says as expected the investment round was well over-subscribed, so not all sports which applied for investment have been supported, and some haven't received the support they hoped for. New Zealand doesn't have the resources that other larger nations have, but we are confident that by continuing the targeted investment approach that's been in place since 2006, we can continue to deliver the results New Zealanders want to see.” <http://www.hpsnz.org.nz/news-events/investment-targeted-more-medal-success-new-zealand>The examples above are indicative samples only. | The student comprehensively analyses a contemporary economic issue of special interest using economic concepts and models by:* identifying, defining or describing concepts related to the contemporary economic issue

For example:Scarcity; allocation of limited means, in this case tax revenue. Funding decisions by HPSNZ (which athletes, which sports) will be based around the concept of best expected return on investment. Multiplier effect of investment in sportspeople on national income.The student integrates changes shown on economic models in detailed explanations that:* analyse causes (reasons) of the contemporary issue by comparing and/or contrasting their impact on the contemporary economic issue

For example:Government feels that the initial outlay of taxpayers’ money of $60 million spent annually by HPSNZ is a sound investment due to the multiplier effect.The government sector is investing (I) in human capital through HPSNZ; and this is an increase in (G) as the $60 million is spent annually through (C) and is an injection, increasing national income (Y).The producers also gain from the increased (C) from HPSNZ, gaining more revenue from increased demand for goods and services, derived demand, creating more employment due to increased DL creating more employment, providing more income (Y) for households, so more (C) creating more economic growth.Comparing the reason for the initial spend with other reasons: The government believes investing in elite sportspeople and sporting events will increase international attention/ tourism, and attract overseas marketing and sponsorship dollars, foreign investment in NZ, increasing (Y) longer term as well.Any increase in C, I, G, or (X-M) the components of AD means a shift right of the AD curve on the AS/AD model, and an increase in income, output and employment levels as DL increases and the AD curve moves closer to Yf. On the PPF model this is seen as …On the AS/AD model PL also increases from PL to PL1 as AD shifts right, however with the supply-side government policy of investment in human capital (HPSNZ) the longer term intention is for improved productive capacity, or a shift of AS to the right, resulting in … longer term the elite athletes attract … The government also hopes this will attract foreign investment in certain NZ businesses … Economic growth as determined by an increase in AD and AS means …This would mean Yf moves … corresponds to a shift of the PPF curve … as productive capacity … due to investment in …* analyse the impacts of changes in the contemporary issue by comparing and/or contrasting the impact on various groups in New Zealand society

For example:The tax revenue (T) would not be able to be spent elsewhere as tax revenue is a scarce resource, in that it is limited and has to be allocated by government.The allocated 60 million taxpayers’ dollars spent annually could be used by other groups in NZ society rather than on sportspeople. An opportunity cost example; this money could have been allocated to addressing child poverty. “Over five years, the programme (with Sanitarium and Fonterra to supply Weet-Bix and milk) will cost tax payers $9.5million, about $1.9million a year. Another $1.5million will be given to children’s charity KidsCan to pay for shoes and raincoats. Key maintains it's the responsibility of parents to feed their kids. The Government's announcement comes after a ONE News Colmar Brunton poll found strong support among Kiwis for a free food programme for poorer schools. Asked "Do you think the Government should provide food to children in poorer, low decile schools?" 70% of eligible voters said "yes", 26% said "no" and 4% were “unsure”.” <http://tvnz.co.nz/politics-news/food-in-schools-programme-insult-harawira-5449854>Additionally, The Labour Market model is used to show and explain the changes in DL and SL (e.g. loss of athletes in declining sports) between the rowing and swimming groups of athletes and employees, also using the concept of derived demand in the explanation."Sports such as biking, rowing and yachting will continue to be well supported by HPSNZ. We have also significantly increased our investment in Equestrian Eventing, Canoe Racing and the Black Sticks women's hockey programme, because we believe they can deliver podium results in 2016. Rugby 7s will be on the Olympic programme in Rio and we're delighted to support both the men's and women's teams in their campaigns to win medals for New Zealand. We are supporting netball, as it eyes Commonwealth Games and world championship success, and we are also pleased to help other non-Olympic sports such as rugby league achieve their dream of retaining the Rugby League World Cup in 2013. Baumann says as expected the investment round was well over-subscribed, so not all sports which applied for investment have been supported, and some haven't received the support they hoped for. New Zealand doesn't have the resources that other larger nations have, but we are confident that by continuing the targeted investment approach that's been in place since 2006, we can continue to deliver the results New Zealanders want to see.” <http://www.hpsnz.org.nz/news-events/investment-targeted-more-medal-success-new-zealand>The examples above are indicative samples only. |

Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the Achievement Standard.