A1 Teacher reference commentary

IQM3005 Economics Assessment 1 Controlled response to data

INTERNAL ONLY | Updated commentary aligned to current synthetic responses

Use the approved assessment and marking guidance with these selected extracts. Record evidence and criterion judgements independently before consulting the separate commentary. A selected extract does not establish a whole-script, whole-presentation or whole-submission mark. Marks remain documentary proposals pending subject review.

Selected task Q1 c

S01 full analysis

Weekly fare revenue before the trial was £2.50 × 80,000 = £200,000. During the trial it was £2.00 × 88,000 = £176,000, so weekly revenue fell by £24,000, or 12%. Journeys rose by 8,000, which is 10%. The fare fell by a larger percentage than journeys increased, so the rise in quantity did not make up for the lower fare; this is consistent with the relatively inelastic demand calculated above. Each journey also cost less.

Reference commentary: 3/4 in the current proposal: the response does not note that the figures do not identify unique passengers.

S02 partial analysis

Journeys increased from 80,000 to 88,000, which is an increase of 8,000 or 10%. Revenue before was £200,000 and after was £176,000, so it fell by £24,000. The fare reduction brought in less revenue even though more journeys were made. More journeys were made at a lower cost per journey.

Reference commentary: 2/4 in the corrected proposal: journey and revenue application are present, but the explanation is not fully developed and the unique-passenger point is absent.

S03 unsupported inference

There were 8,000 more journeys during the trial. This means more people used the buses and the council's trial was successful.

Reference commentary: 1/4: identifies an increase in journeys, but the revenue conclusion is unsupported.

Selected task Q2 b

S01 developed

As Lydon Transit increases its scale in the long run, average cost can fall over the downward part of the LRAC curve. A larger fleet could make a specialist maintenance team worthwhile. This could allow maintenance work to be organised more efficiently as output grows.

Reference commentary: The shown text explains falling LRAC and applies a specialist maintenance team. The diagram and a cost-per-unit mechanism are absent from this extract, so no whole-question mark is assigned here.

S02 partial

As the company gets bigger, its average cost goes down. It can buy spare parts in bulk, which could reduce the price it pays.

Reference commentary: The shown text explains falling average cost and applies bulk purchasing. The diagram and a cost-per-unit mechanism are absent from this extract, so no whole-question mark is assigned here.

S03 limited

If the company gets bigger, it might have lower costs.

Reference commentary: The shown text merely asserts lower costs at larger scale. It does not establish a diagram, a falling-LRAC explanation or source application; no whole-question mark is assigned from this extract.

Selected task Q4

S01 developed

The proposal pays operators £0.40 for each eligible journey. This lowers operators' effective cost of providing journeys and may let them charge lower fares or run more services. Lower fares and better availability could increase bus journeys. If some extra journeys replace peak-time car trips, other road users could face less congestion and residents could experience less pollution, so the increase can include benefits that bus users do not take into account. One limitation is that operators may keep some of the subsidy rather than pass the full amount to passengers.

Reference commentary: 5/6 in the current proposal: strong analysis and limitation, but the final correction-to-MSB=MSC judgement is not explicit.

S02 partial

The council would pay bus companies £0.40 for each passenger journey. This could reduce their costs and make them lower fares, so more people might use the bus. Some drivers may switch to buses, reducing congestion and pollution for other people. The subsidy could help increase bus use closer to the socially efficient level. However, firms might keep the money instead of lowering fares. It would then not help passengers as much.

Reference commentary: 4/6 in the current proposal: analysis plus a limitation, without developed pass-through evaluation.

Corrected S02 award: 2/4 for Q1(c), giving a total of 19/30. This is a proposed documentary mark pending subject review.