



MINISTRY OF EDUCATION AND CULTURE

STUDENT EDUCATION NUMBER									

Samoa Secondary Leaving Certificate

ECONOMICS

2025

QUESTION and ANSWER BOOKLET

Time allowed: 3 Hours & 10 minutes

INSTRUCTIONS

1. You have 10 minutes to read **before** you start the exam.
2. Write your **Student Education Number (SEN)** in the space provided on the top right-hand corner of this page.
3. **Answer ALL QUESTIONS.** Write your answers in the spaces provided in this booklet.
4. If you need more paper to write your answers, ask the Supervisor. Write your SEN on all extra sheets used and clearly number the questions. Attach the extra sheets to the appropriate places in this booklet.

STRANDS		Page	Time (min)	Weighting
STRAND 1	PRODUCTION	2-6	36	30
STRAND 2	CONSUMPTION	7-12	45	30
STRAND 3	MARKET	13-20	99	40
TOTAL			180	100

Check that this booklet contains pages 2 - 21 in the correct order and that none of these pages are blank.

HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Economic Concepts

1. Define **microeconomics**.

SL 1

2. Define **Production Possibility Curve (PPC)**.

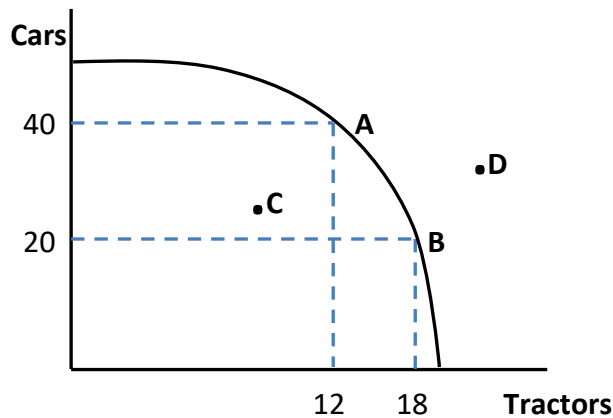
SL 1

Production Possibility Curve

Use the Production Possibility Curve diagram in Figure 1 below to answer Questions 3 to 4.

Assume that there are only 100 workers (labour) involved in the production of both cars and tractors.

Figure 1: Production Possibility Curve for Cars and Tractors



3. Describe the shape of the PPC above in Figure 1.

SL 2

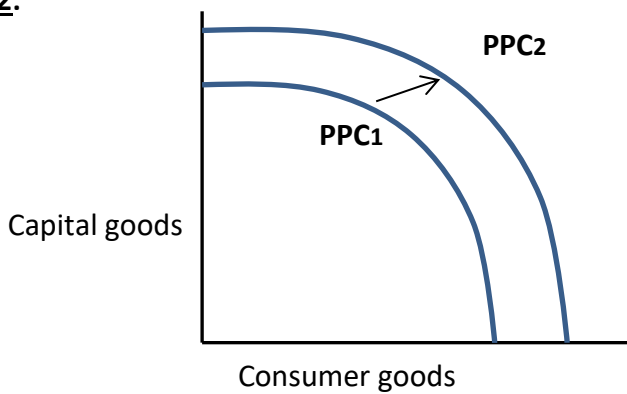
4. With reference to Figure 1, **describe** how scarcity exists as the basic economic problem. Include in your response a point or points on the PPC diagram that will support your answer.

SL 2

Use Figure 2 below to help you answer the Question 5 that follows.

The diagram shows a shift in the PPC from PPC1 to PPC2.

Figure 2:



5. Explain economic growth with reference to the shift of the PPC in Figure 2 above.

SL 3

6. Identify one non-economic function of government and **describe the importance of** your selected non-economic government function to the economy as a whole. That is, how the selected non-economic function will contribute to economic growth?

SL 2

Use Figure 3 below to help you answer Question 7.

Figure 3: Samoa Income Tax (PAYE) Rates

Income bracket per year	Tax rate
0– 15,000	0%
15,001 – 25,000	20%
25,001+	27%

7. Describe the type of government role reflected in the table (Figure 3) above.

SL 2

8. Explain Price Stability as one of the important economic aims of government.

SL 3

The Government Budget

Table 1 shows Samoa's Actual Budget for the Financial Year 2023/2024 to 2024/2025.

Study Table 1 carefully and answer Questions 14 to 18.

Table 1: Samoa's Budget Summary for Financial Years 2023/2024 to 2024/2025

Samoa's Budget Summary	Financial Year (2024/25)	Financial Year (2023/24)
RECEIPTS		
Ordinary Receipts	\$ 805,982,250.00	\$ 772,694,168.00
External Grants	\$ 196,808,512.00	\$ 166,417,883.00
Total Receipts and Grants	\$ 1,002,790,762.00	\$ 939,112,051.00
Less		
CURRENT PAYMENTS		
Statutory Payments	\$ 158,278,019.00	\$ 181,466,780.00
Expenditure Programs	\$ 802,932,622.00	\$ 761,097,381.00
Unforeseen Payments	\$ 24,087,979.00	\$ 22,777,843.00
Total Current Payments	\$ 985,298,620.00	\$ 965,342,004.00
Less		
DEVELOPMENT PAYMENTS		
Grant financed project payments	\$ 171,097,592.00	\$ 142,739,481.00
Total Development Payments	\$ 171,097,592.00	\$ 142,739,481.00
Cash (Deficit)/Surplus	\$ -153,605,450.00	\$ -168,969,434.00
Financed by		
General Budget Support Financing	\$ 68,092,060.00	\$ 110,964,718.00
	\$ 68,092,060.00	\$ 110,964,718.00
Movement in Cash Balances	\$ -85,513,390.00	\$ -58,004,716.00

(Source; Ministry of Finance, 2025)

14. **Ordinary Receipts** refer to normal sources of revenue for the government of Samoa, including **direct and indirect taxation**.

Give an example of indirect tax.

SL 1

15. The government Budget is always presented in Parliament at the end of May/June each year. The financial year is from 1 July 2024 to 30 June 2025 for the Budget given in Table 1.

Explain **ONE** aim of a government budget.

SL 3

16. Describe the economic importance of Agriculture as one of the major government expenditures in the Government Budget (Expenditure Programs).

SL 2

17. Describe the trend in external grants as major sources of government revenue in Samoa.

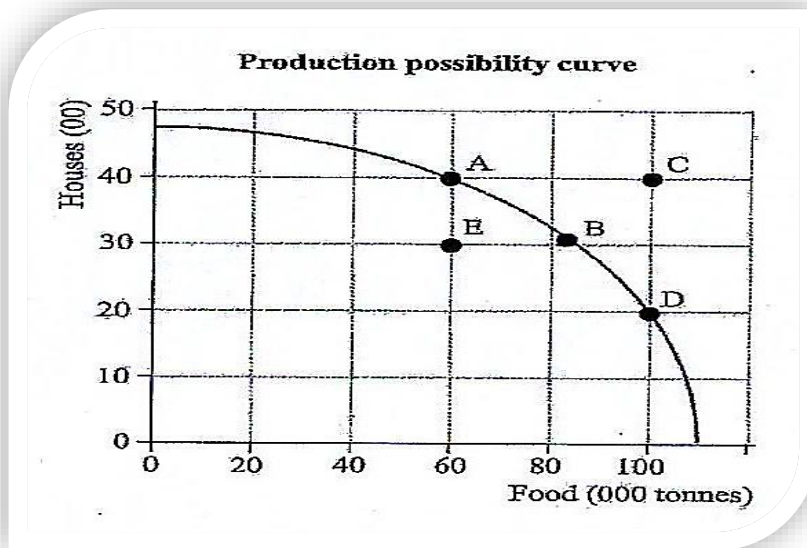
SL 2

21. Describe the purpose of the overseas employment scheme to Samoa's economy.

SL 2

Study the Production Possibility curve below (Figure 4) and answer Questions 22 and 23.

Figure 4: Production Possibility Curve



22. Assume that there are **only 100 workers** to produce the two goods, houses and food. Point E reflected **unemployment** of resources.

Describe a reason for the said unemployment and how many workers you think are employed at point E?

SL 2

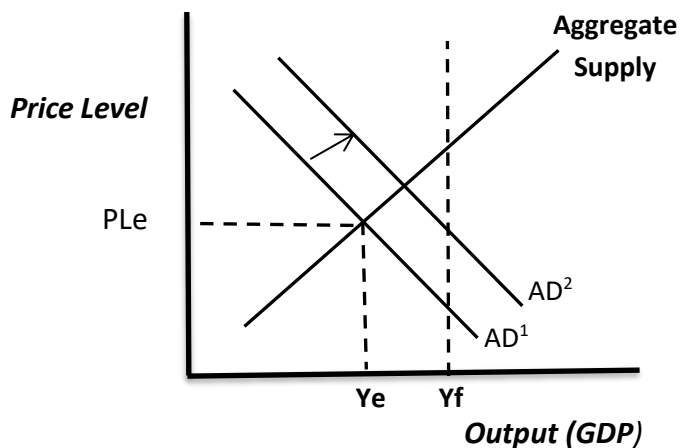
23. Describe how unemployment is a major (economic) issue to any government.

SL 2

Deflationary Gap

Study Figure 5 below and answer Question 24 that follows.

Figure 5: Deflationary (Recessionary) Gap



Where: PLe = Original equilibrium price level.
Ye = Original equilibrium GDP.

24. **Figure 5** shows a change in **the recessionary gap or deflationary gap** in an economy.

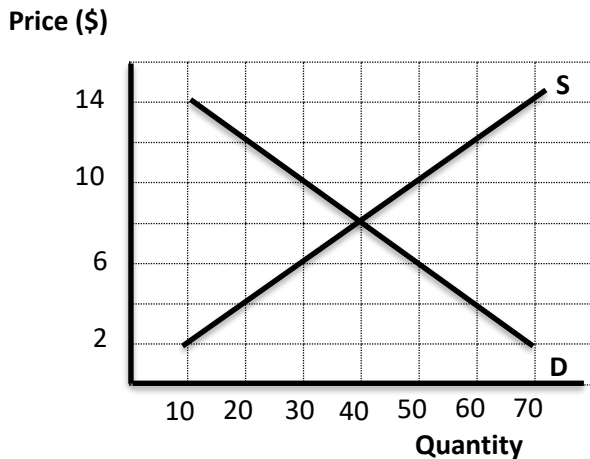
Explain how unemployment has changed as a result of the shift of the AD curve, mention a loose fiscal policy measure that the government could had been implemented, leading to the shift of the AD curve shown by Figure 5 above.

SL 3

Market Equilibrium

Use the graph in Figure 6 below to answer Questions 27 to 29.

Figure 6: Market Equilibrium for Big Mac Burgers



27. The market demand and supply curves for Big Mac burgers bought by Samoan teenagers are given above.

Identify the equilibrium price for the Big Mac burgers.

SL 1

28. When the quantity demanded is greater than quantity supplied there will be an excess demand or a shortage of Big Mac burgers in the market.

Identify a price that you think a shortage will take place.

SL 1

29. Calculate the total consumer spending at the equilibrium price. (Show your calculations).

SL 2

Total Consumer spending: _____

Demand Curve

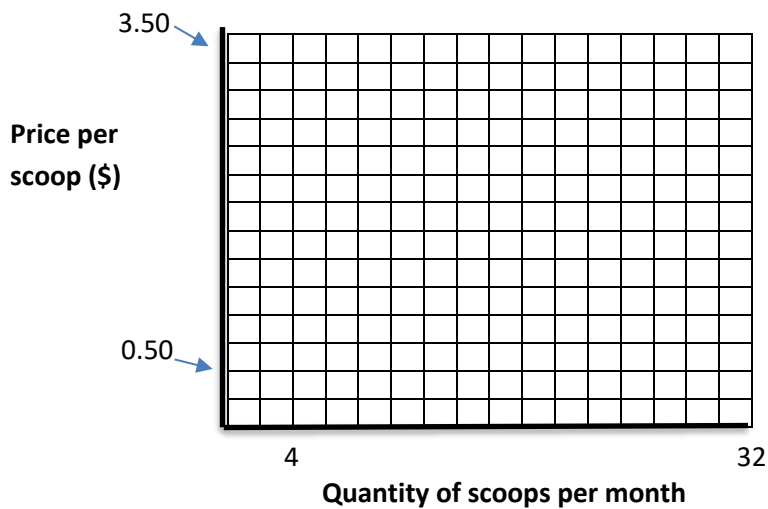
30. Use the information presented in Figure 7 below to construct the demand curve for Donte's monthly demand for hot chips.

Use the grid provided below and clearly label your demand curve.

Figure 7: Donte's demand schedule for hot chips per month

Price (\$)	Quantity demanded (scoops per month)
3.50	0
3.00	1
2.50	2
2.00	5
1.50	10
1.00	18
0.50	30

Title: Donte's monthly demand curve for hot chips

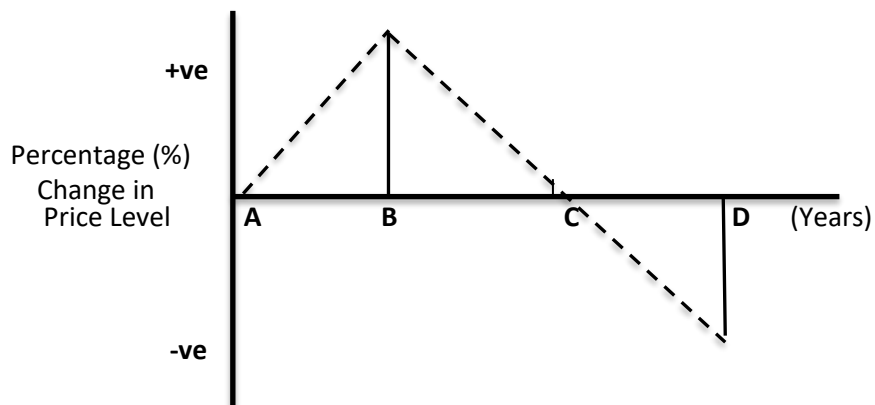


SL 4

Inflation

Use the different trends in the Price Level shown in Figure 8 below to answer Question 31.

Figure 8: Different trends in the Price level (Inflation)



For Question 31, choose and write the LETTER of the correct answer in the box provided.

31. Which of the following defines the trend of inflation from Year B to C?

- A. Inflation
- B. Deflation
- C. Disinflation
- D. Stagnation

SL 1

Economic Factors affecting Demand Curve

32. Distinguish between the effects of a “price change” from a “change in the non-price factors (determinants of demands)” on the demand curve.

SL 3

Foreign Exchange Market and Balance of Payments

36. Define **Exchange rate**.

SL 1

37. Describe the difference between fixed and floating exchange rates.

SL 2

Table 2 below shows the exchange rate of the Samoan Tālā (SAT) in terms of the New Zealand dollar (NZD). Use the data provided to answer Question 38.

Table 2: Samoa’s exchange rates in NZ Dollars, January and November 2025

	Samoa’s exchange rate in NZ Dollars	
January 2025	SAT1.00	0.70NZD
November 2025	SAT1.00	0.53NZD

38. Calculate how much a Samoan exporter would receive in Samoan Tālā for an order of NZD2000 fresh taro in November 2025. (Show your calculations).

SL 2

STUDENT EDUCATION NUMBER									

SSLC ECONOMICS

2025

(For Scorer only)

STRANDS		Weighting	Scores	Check Scorer	AED (Check)
STRAND 1	PRODUCTION	30			
STRAND 2	CONSUMPTION	30			
STRAND 3	MARKET	40			
TOTAL		100			