

Economics subject report

2024 cohort

January 2025





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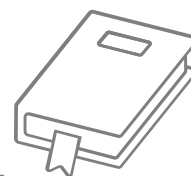
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Introduction



The annual subject reports seek to identify strengths and opportunities for improvement of internal and external assessment processes for all Queensland schools. The 2024 subject report is the culmination of the partnership between schools and the QCAA. It addresses school-based assessment design and judgments, and student responses to external assessment for General and General (Extension) subjects. In acknowledging effective practices and areas for refinement, it offers schools timely and evidence-based guidance to further develop student learning and assessment experiences for 2025.

The report also includes information about:

- how schools have applied syllabus objectives in the design and marking of internal assessments
- how syllabus objectives have been applied in the marking of external assessments
- patterns of student achievement.

The report promotes continuous improvement by:

- identifying effective practices in the design and marking of valid, accessible and reliable assessments
- recommending where and how to enhance the design and marking of valid, accessible and reliable assessment instruments
- providing examples that demonstrate best practice.

Schools are encouraged to reflect on the effective practices identified for each assessment, consider the recommendations to strengthen assessment design and explore the authentic student work samples provided.

Audience and use

This report should be read by school leaders, subject leaders, and teachers to:

- inform teaching and learning and assessment preparation
- assist in assessment design practice
- assist in making assessment decisions
- help prepare students for internal and external assessment.

The report is publicly available to promote transparency and accountability. Students, parents, community members and other education stakeholders can use it to learn about the assessment practices and outcomes for senior subjects.

Subject highlights

122
schools offered
Economics



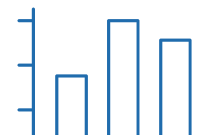
24.72%
increase in
enrolment
since 2023



98.95%
of students
received a
C or higher



Subject data summary



Subject completion

The following data includes students who completed the General subject.

Note: All data is correct as at January 2025. Where percentages are provided, these are rounded to two decimal places and, therefore, may not add up to 100%.

Number of schools that offered Economics: 122.

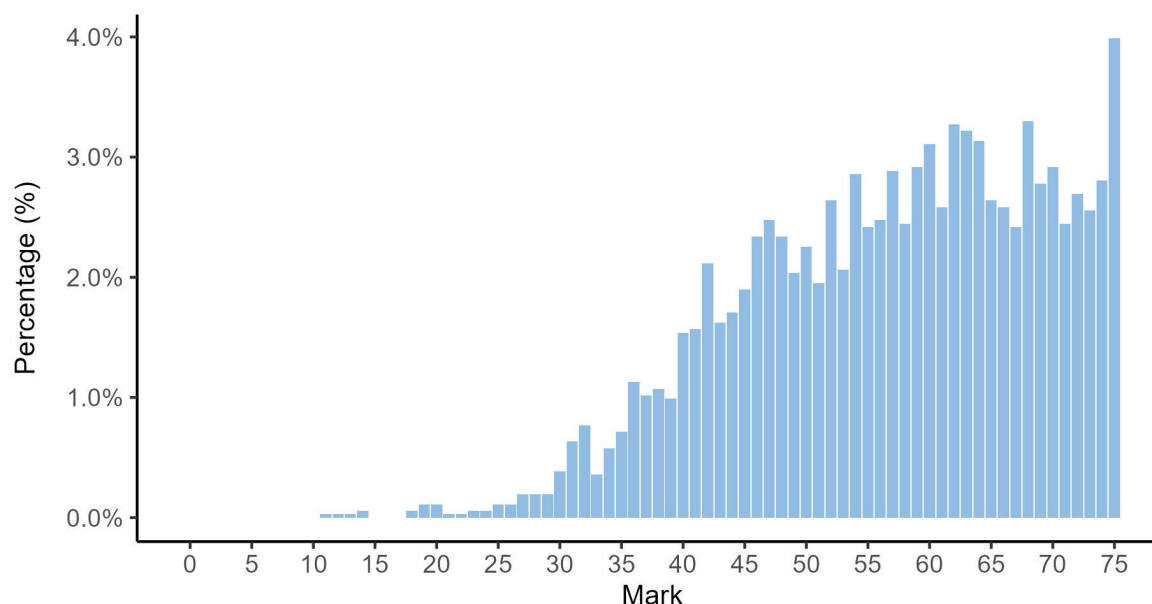
Completion of units	Unit 1	Unit 2	Units 3 and 4
Number of students completed	3,913	3,844	3,618

Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory
Unit 1	3,767	146
Unit 2	3,743	101

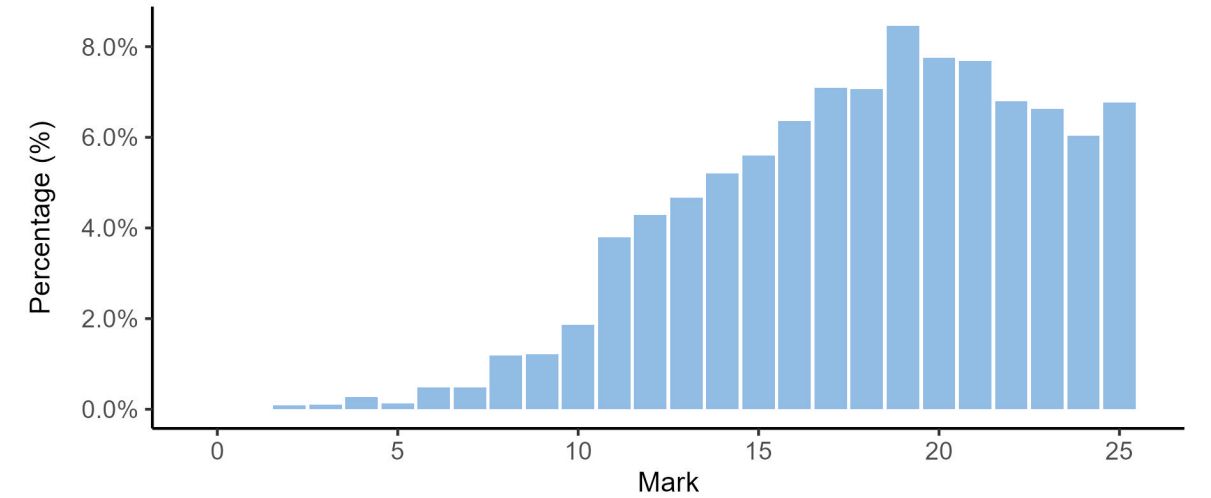
Units 3 and 4 internal assessment (IA) results

Total marks for IA

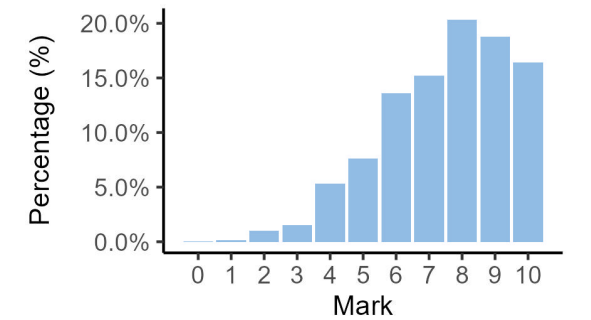


IA1 marks

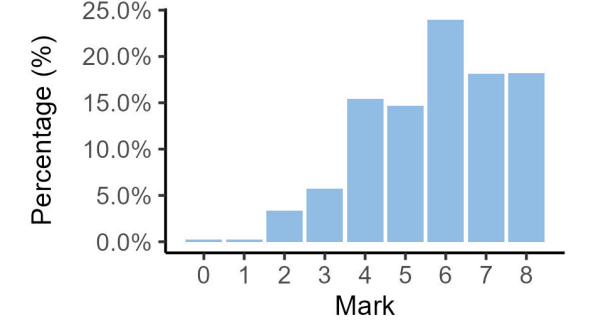
IA1 total



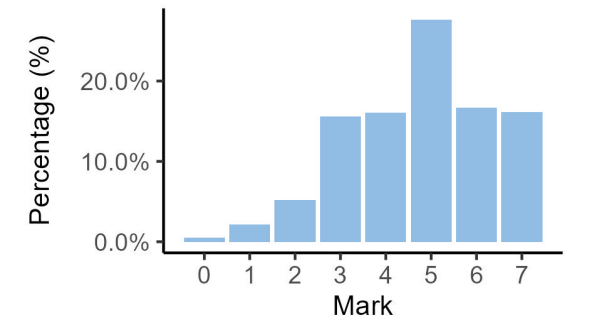
IA1 Criterion: Part A – Comprehending



IA1 Criterion: Part B – Analysing

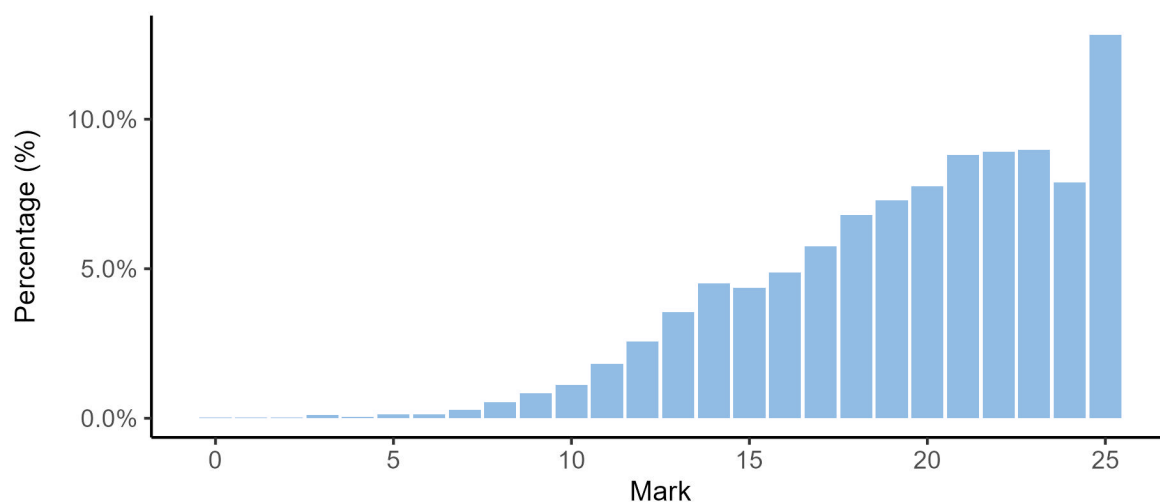


IA1 Criterion: Part B – Evaluating

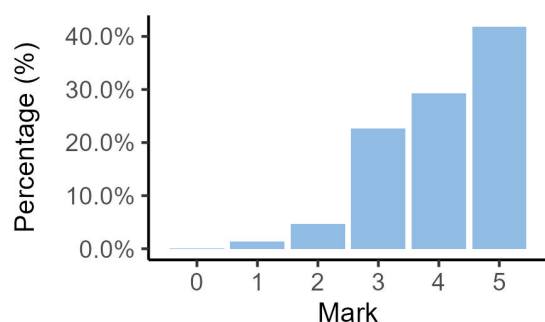


IA2 marks

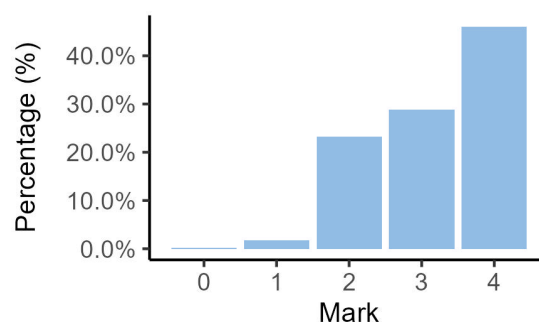
IA2 total



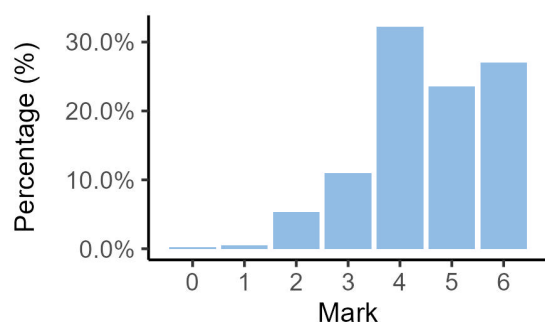
IA2 Criterion: Comprehending



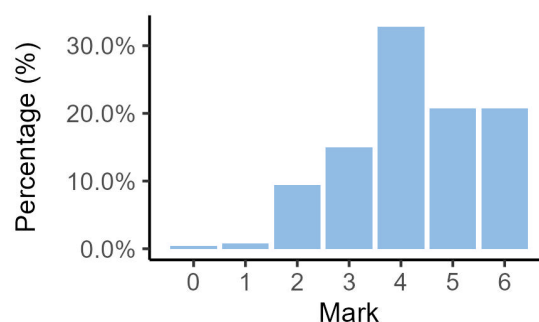
IA2 Criterion: Selecting



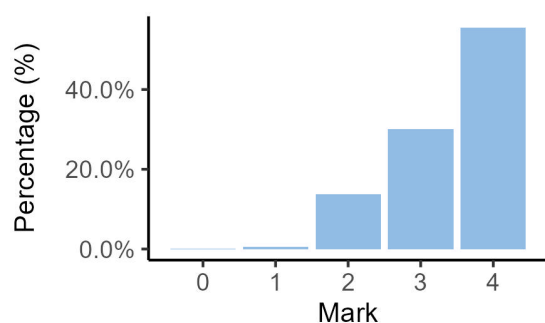
IA2 Criterion: Analysing



IA2 Criterion: Evaluating

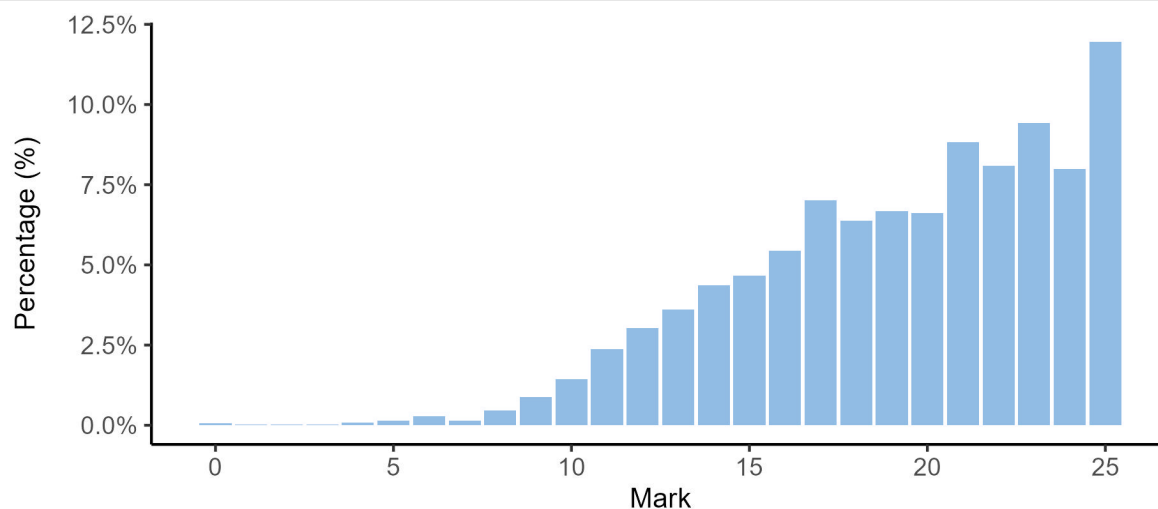


IA2 Criterion: Creating a response

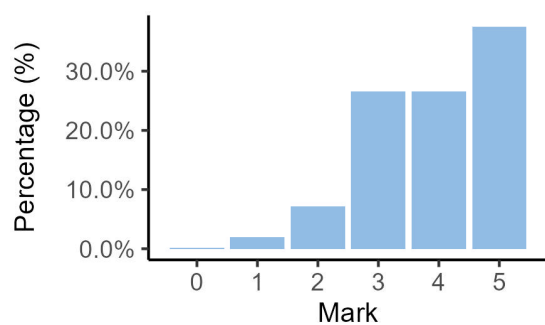


IA3 marks

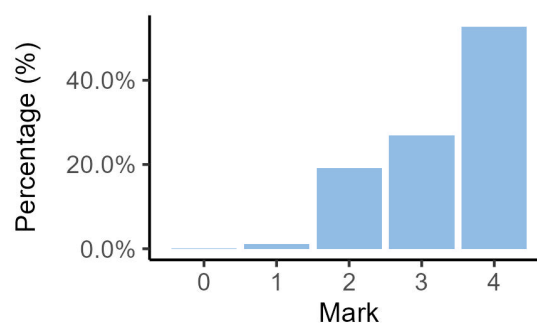
IA3 total



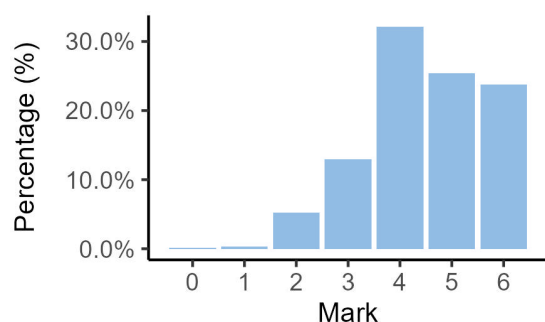
IA3 Criterion: Comprehending



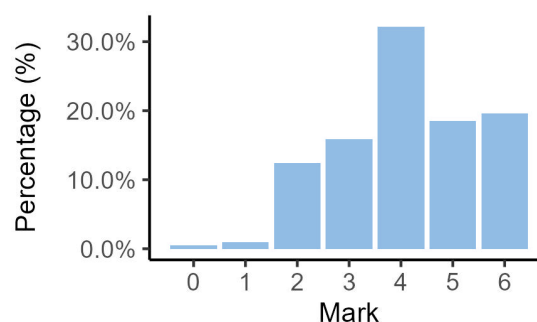
IA3 Criterion: Selecting



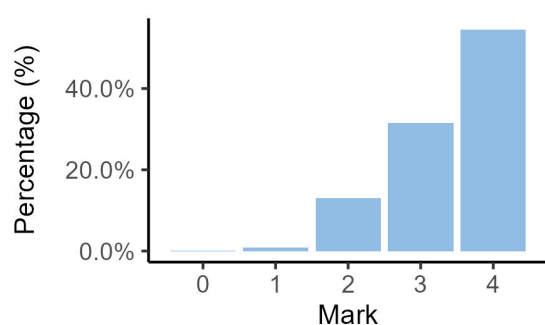
IA3 Criterion: Analysing



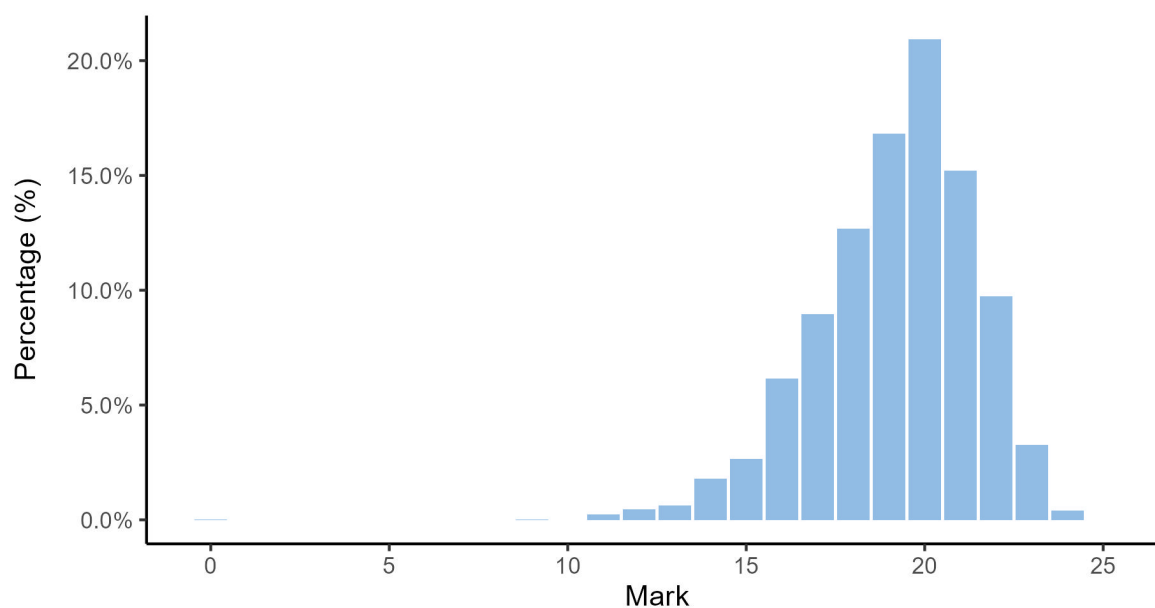
IA3 Criterion: Evaluating



IA3 Criterion: Creating a response

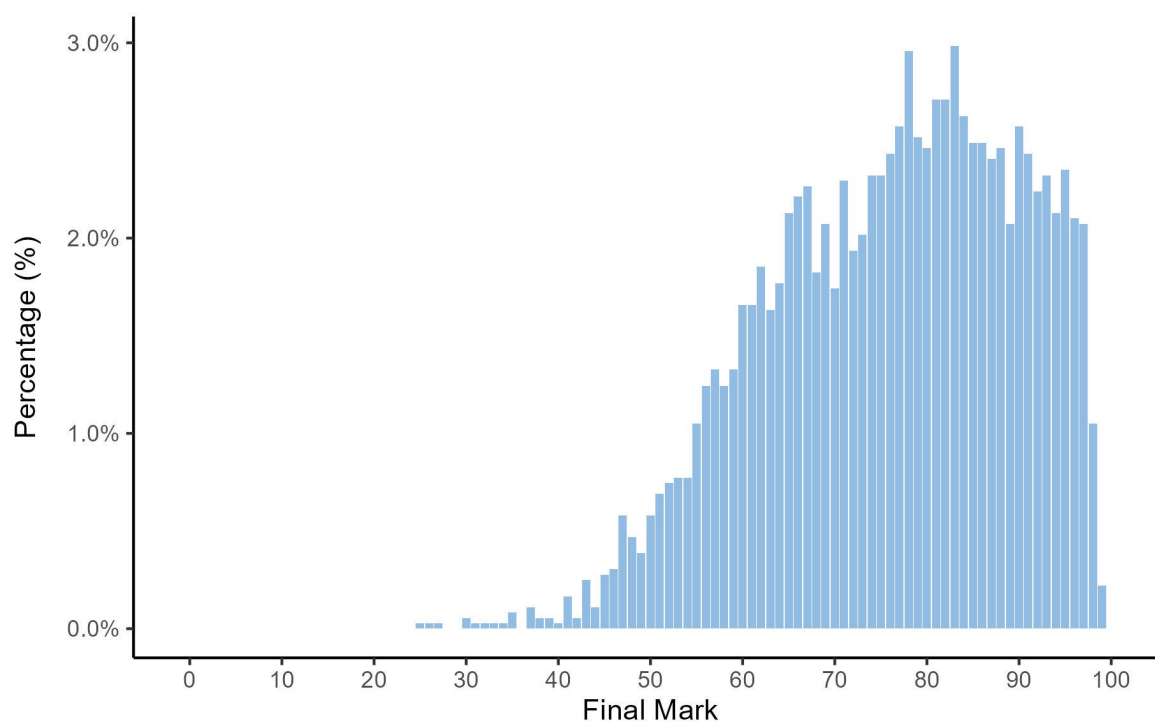


External assessment (EA) marks



Final subject results

Final marks for IA and EA



Grade boundaries

The grade boundaries are determined using a process to compare results on a numeric scale to the reporting standards.

Standard	A	B	C	D	E
Marks achieved	100–85	84–66	65–44	43–20	19–0

Distribution of standards

The number of students who achieved each standard across the state is as follows.

Standard	A	B	C	D	E
Number of students	1,136	1,627	817	38	0

Internal assessment



The following information and advice relate to the assessment design and assessment decisions for each IA in Units 3 and 4. These instruments have undergone quality assurance processes informed by the attributes of quality assessment (validity, accessibility and reliability).

Endorsement

Endorsement is the quality assurance process based on the attributes of validity and accessibility. These attributes are categorised further as priorities for assessment, and each priority can be further broken down into assessment practices.

Data presented in the Assessment design section identifies the reasons why IA instruments were not endorsed at Application 1, by the priority for assessment. An IA may have been identified more than once for a priority for assessment, e.g. it may have demonstrated a misalignment to both the subject matter and the assessment objective/s.

Refer to *QCE and QCIA policy and procedures handbook v6.0*, Section 9.5.

Percentage of instruments endorsed in Application 1

Instruments submitted	IA1	IA2	IA3
Total number of instruments	121	121	121
Percentage endorsed in Application 1	43	57	44

Confirmation

Confirmation is the quality assurance process based on the attribute of reliability. The QCAA uses provisional criterion marks determined by teachers to identify the samples of student responses that schools are required to submit for confirmation.

Confirmation samples are representative of the school's decisions about the quality of student work in relation to the instrument-specific marking guide (ISMG), and are used to make decisions about the cohort's results.

Refer to *QCE and QCIA policy and procedures handbook v6.0*, Section 9.6.

The following table includes the percentage agreement between the provisional marks and confirmed marks by assessment instrument. The Assessment decisions section of this report for each assessment instrument identifies the agreement trends between provisional and confirmed marks by criterion.

Number of samples reviewed and percentage agreement

IA	Number of schools	Number of samples requested	Number of additional samples requested	Percentage agreement with provisional marks
1	122	966	42	86.99
2	121	956	21	76.86
3	120	951	24	85.12

Internal assessment 1 (IA1)



Examination — Combination response (25%)

The examination assesses the application of a range of cognitions to multiple provided items: questions, scenarios and problems.

Student responses must be completed individually, under supervised conditions, and in a set timeframe.

Assessment design

Validity

Validity in assessment design considers the extent to which an assessment item accurately measures what it is intended to measure and that the evidence of student learning collected from an assessment can be legitimately used for the purpose specified in the syllabus.

Reasons for non-endorsement by priority of assessment

Validity priority	Number of times priority was identified in decisions
Alignment	47
Authentication	0
Authenticity	12
Item construction	19
Scope and scale	5

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- contained an appropriate scope and scale for individual items in the task
- followed conventions for item construction, e.g. one key for each multiple-choice item, items included only relevant information, items written as a command or question (*Module 2: Developing valid and accessible assessment* in the Assessment Literacy application (app) on the QCAA Portal)
- aligned to the stimulus specifications and were on one side of an A3 page or equivalent.
Note: an additional page/s including references with full bibliographic information is not required in IA1.

Practices to strengthen

It is recommended that assessment instruments:

- contain items aligned to
 - Unit 3 Topic 1 subject matter (exchange rates, international trade patterns and trade theories) rather than the content of Unit 3 Topic 2 (e.g. trade protection and balance of payments)
 - the task conditions, i.e. the sum of short response item responses is 400 to 500 words (minimum and maximum length, Syllabus section 4.5.1)

- the cognitions in the Comprehension syllabus objective (Syllabus section 1.2.1) for Part A, e.g. command verbs (describe, explain, calculate, draw) and/or questions (what, why, how)
- provide stimulus material that can be read in the planning time and is of sufficient variety as to elicit evaluation as well as analysis, e.g.
 - providing only graphs may not be sufficient to elicit evaluation
 - using more than one text-based source allows the analysis of economic information as well as data. **Note:** each text-based stimulus should be less than 100 words
- avoid stimulus material that leads students toward predetermined responses. Including economic reasoning, analytical findings or theoretical knowledge may reduce the task's ability to assess what students know and can do. As examples, avoid flow charts of cause and effects, or lists of benefits and costs
- focus on current economic events to expose economic interconnections (Syllabus section 4.1). Less contemporary economic issues, such as the mining boom in 2000–2010, are not suitable. Suitable economic issues include
 - changing Australian trade patterns as the world transitions from a fossil fuel economy and trading partners that preference a clean energy future
 - supply chain disruptions and geopolitical tensions on Australian trade patterns since 2020
 - the role of federal or state government intervention to extend and create comparative and competitive advantages to support Australia's higher standard of living and the quality of employment in the long run.

Accessibility

Accessibility in assessment design ensures that no student or group of students is disadvantaged in their capacity to access an assessment.

Reasons for non-endorsement by priority of assessment

Accessibility priority	Number of times priority was identified in decisions
Bias avoidance	7
Language	3
Layout	5
Transparency	6

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- avoided instances of bias in terms of the items and stimulus material provided by not directing responses toward a particular decision
- modelled appropriate language conventions and avoided colloquialisms.

Practices to strengthen

It is recommended that assessment instruments:

- avoid unnecessary contextual information in short and extended response items, so the risk of ambiguity is reduced
- ensure that short response items are clear in their focus, i.e. an instruction to draw a demand and supply diagram for exchange rates must make clear which exchange rates are expected
- include accessible images in the extended response stimulus material, e.g. avoid graphs that are low resolution and difficult to read, ensure all required details are included on a chart, including title, date, time scale and axis labels
- provide sufficient lines to answer each item in the required word length. An approximation is that 100-word responses require 14 lines. Students should know if they typically have smaller handwriting and will not need all the response lines provided, or larger handwriting and may require additional response lines to answer the question with appropriate detail.

Additional advice

- Schools must ensure that items, including multiple choice, allow adequate and comprehensive understanding to be differentiated. One strategy is for schools to consider whether the results from previous IA1s were appropriately challenging when assessing the Comprehending criterion.
- Rich and relevant question stems are important to enable students to demonstrate their ability to show and apply their understanding of economic concepts, principles and models, with contextualised examples relevant to the scenario or situation posed.
- The inclusion of a range of well-considered and engaging stimulus material can support students in identifying multiple lines of thinking and making critical and discerning choices to enhance the quality of their response.

Assessment decisions

Reliability

Reliability is a judgment about the measurements of assessment. It refers to the extent to which the results of assessments are consistent, replicable and free from error.

Agreement trends between provisional and confirmed marks

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
1	Comprehending	95.90	3.28	0.82	0.00
2	Analysing	90.98	9.02	0.00	0.00
3	Evaluating	92.62	6.56	0.82	0.00

Effective practices

Accuracy and consistency of the application of the ISMG for this IA was most effective when:

- in Part A, for the Comprehending criterion, evidence of the
 - identification of features of exchange rates, international trade patterns and trade theories was matched to the 7–8 mark range as ‘effective’, and the 5–6 mark range as ‘adequate’
 - application of economic concepts, principles and models to exchange rates, international trade patterns and trade theories was matched to the 5–6 mark range as ‘adequate’ and the 3–4 mark range as ‘partial’. *Perceptive* applications demonstrated insight, e.g. drawing on the context of the question and demonstrating how an understanding of a concept might be considered against the background of a given economic circumstance or situation.

Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG for this IA, it is recommended that:

- in Part B, for the Analysing criterion,
 - quantitative (numerical) skills be used more explicitly to demonstrate meaning and insight. It is vital that students show they can calculate key quantitative measures, such as percentage change, as well as correctly interpret data presented in a variety of forms, e.g. discriminating between significant and insignificant trade patterns and trends in a clearly specified data range adds meaning to the nature and extent (scale and scope) of the trend, providing further evidence to support judgments at the top performance level
 - discerning explanations of economic relationships show evidence of astute choices where points or ideas have been chosen for relevance, e.g.
 - demonstrate interconnections or inter-relatedness between economic concepts to show the cause-and-effect relationship of multiple economic ideas
 - discuss complexities relevant to the context being analysed. Direct and effective connections are evidence that the response was successful in meeting its assigned purpose
 - the 1–2 performance level is matched to responses that identify or describe data but don’t interpret. Interpretation refers to the drawing of meaning that may be signposted in responses by specific language, e.g. ‘that means, indicates, reveals or implies’
- in Part B, for the Evaluating criterion, responses reference multiple ideas when making decisions. To achieve the highest performance level
 - points need to be well-synthesised to make *contextualised* economic meaning about the question using evidence from the sources provided
 - decisive evaluation ideas should emerge from the analysis, showing perception and insight
 - students should avoid inserting phrases such as ‘ceteris paribus’ or ‘on the other hand’ unless they add meaning and demonstrate nuance or insight.

Samples

The following excerpt illustrates a high-level response for the Analysing criterion in Part B by:

- showing a sophisticated interpretation of data and information related to the trend of Australia's reliance on minerals and fuels, and the patterns regarding its major trading partners
- using, with discernment and perception, a wide range of sources to show a notable level of complex analysis. The explanations are clear and concise while being perceptive, reflecting the conditions of the IA1 assessment. Further, they are a perceptive understanding of underlying economic relationships at play with the source material woven into arguments
- highlighting the most relevant parts of their analysis, which lead neatly into the beginning of their decision-making phase ('... As such, the shift in direction of trade allowed ... in Australia').

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Further, at this time Australia's main trading partners were China, who received approximately 25% of exports, and Japan, who received 16% of exports (Source 4). Although, the ^{demand} resources then decreased reaching a low of just under 50% ^{of total exports} in 2014, ~~Source 4~~ whilst the demand for services increased to 23% (Source 5). ~~Although~~ This didn't decrease China's demand though as it increased ^{receiving} to just under 30% of exports from Australia (Source 4). Following ~~this~~ ^{the} ~~China's received exports~~ ^{the} demand for resources increased, ~~the~~ ^{with resources} rising to over 60% of exports in 2020 (Source 5). According to Source 2, these shifts in trade composition, direction and volume meant that "12 of Australia's 15 largest trading partners" were located in Asia, which generating trade worth A\$520 billion or 65% of Australia's trade. With China and Japan receiving 43.3% of exports (Source 3). As such, the shift in direction of trade allowed Australia to increase its volume of trade to over \$475.2 billion in 2019-20 (Source 2). These increases in exports would mean the production of resources increased and in turn it increased employment and income in Australia.

The following excerpts illustrate a high-level response for the Evaluating criterion in Part B by:

- in Excerpt 1, showing evidence of discerning synthesis of ideas and critical economic reasoning, e.g. after commenting about Australia benefitting from a good trade balance and strong terms of trade, the response refers to vulnerability and risks that require management. Interconnections are apparent when the points of competitiveness, terms of trade and global instability were made
- in Excerpt 2, demonstrating how the decision was made and the subsequent critical reasoning exemplify high-level economic evaluation and emerge logically from the analysis. Short-term and longer-term time frames are used to make a perceptive and well-supported decision.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Excerpt 1

Trade in the Australian and global economy is vital to ensure the country is able to remain in a steady growing condition. The benefit of having an appreciating exchange rate is that it costs Australian consumers less to import products, otherwise known as increased import volumes. Australia's high trade balance and terms of trade suggest the economy is benefitting from the appreciation where the ratio of imports to exports is favourable (S8). A high trade balance suggests that volume of exports to imports produced is also at approximately 6:1 (S2) is at a sustainable rate. However, this balance is vulnerable and prone to risk if not managed evenly. An appreciating exchange rate means that Australian export is not as competitive, were foreign companies are required to pay more for the Australian iron ore exports. Terms of trade is also affected by this. RBA stated their recent concern in May 2023 as that Australia may see direct effects on the exports if global financial stability concerns re-arise (S8). This could also extend to a lower terms of trade if demand for commodities were to soften (S8).

Excerpt 2

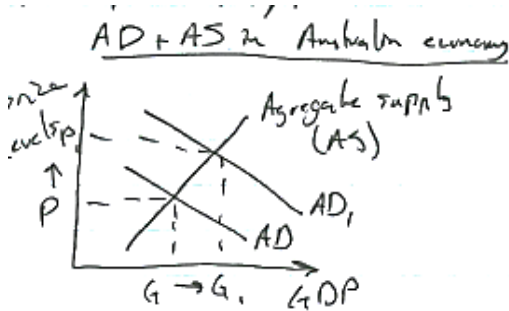
To conclude, it was identified that ^{between} ~~Australia~~ Oct 2022 and January 2023, Australia was experiencing the effects of an appreciating exchange rate against the USD. Impacts of this include that imports for Australians were cheaper, meaning they could spend more of on improving their living standards and economic growth. However, part of being a 'floating' ^{economy} ~~econ~~ means that Australia is vulnerable to a fall in economic growth if there is not enough activity in the Australian export market from foreign investors to. An appreciating AUD may not be beneficial to ^{the an} ~~an~~ economy like which an economy. Australia ~~the~~ relies on competitive exports to grow as an economy.

The following excerpts illustrate a high-level response for the Analysing and Evaluating criteria in Part B

- Excerpt 1 demonstrates a discerning explanation of economic relationships related to Australia's trade patterns. The response shows the use of, with discernment and perception, the AD/AS model and the stimulus material to show complex analysis. The model is discussed explicitly and is not simply a reference. The explanations clearly and concisely show perceptive understanding of underlying economic relationships, weaving the source material into arguments to show insight
- Excerpt 2 demonstrates
 - evidence of a discerning synthesis of ideas with critical economic reasoning. The comment regarding the improvement of the balance of trade uses the Marshall-Lerner assumption, which is a relevant economic idea the response explored earlier in the analysis. This is one of multiple economic ideas that, with the use of explicit economic criteria, supported the decision
 - critical economic reasoning by identifying that external factors, such as the growth of China, variable commodity prices and more free-trade agreements may limit the potential improvement for the Australian economy. The decisions made in the response exemplify high-level economic evaluation emerging logically from the analysis and showing depth of insight, sophisticated and complex thinking and the use of clear economic criteria.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Excerpt 1



Assuming ceteris paribus, the growth in AD ~~will~~ may translated to a growth in GDP ($G \rightarrow G_1$), and potentially lead to an improvement in living standards.

in the Australian economy. Additionally, AD growth may have an inflationary effect, represented in price levels moving from $P \rightarrow P_1$ (demand pull inflation).

discerning synthesis + evaluation

Source 6 illustrates GDP growth rates between 2018 and 2022. Overall, GDP has moved ~~with~~ in ~~great~~ conjunction with a growing ~~rate~~ B.O.T, with the exception of 2019, when GDP growth was at -0.1% . However, GDP growth of 2.2% in 2020 and 2.7% in 2022 are relatively low considering a target of $3-4\%$ by the RBA. As such, it is likely other factors were significant in GDP rates over this period.

Excerpt 2

* if other things remain equal,

Overall, *depreciation of the AUD is expected to deliver an improvement in the B.O.T, assuming the Marshall-Lerner condition is met, following an initial deterioration due to short-term inelasticity of demand for certain exports and imports.

Additionally, as a result of improving B.O.T, GDP growth and increased economic activity may be expected. However, due to ~~external~~ external conditions such as growth in China, free trade agreements, and commodity prices, the value of the AUD is not necessarily a reliable indicator to the direction of B.O.T, and hence ~~not~~ may not lead to economic growth, as can be seen in the negative GDP growth rate from 2019 shown in Source 6.

Additional advice

- For analysis and evaluation
 - students should focus on developing analytical chains of reasoning that apply economic theory, data and information supplied in the stimulus. Without sufficient analysis, there are fewer opportunities to synthesise economic ideas. Consequently, the decisions made may not be perceptive or effective
 - responses must avoid a linear discussion of each source (Source 1 says ... Source 2 says ...). Instead, students should find interconnections between sources and draw on the ideas presented to support and enhance the evidence of their analytical and evaluative thinking.
- Students who provided concise answers to Part A questions generally gave themselves sufficient time for the thinking and planning needed to support a higher-quality Part B response. Strategies to consider are
 - providing multiple opportunities for students to effectively plan and practise writing under timed conditions during teaching and learning activities
 - when designing the assessment, use clear and concise question cues, potentially including diagram and/or calculation-based questions, and plan the numbers of lines thoughtfully to communicate the scope and scale of the expected response.
- Schools are advised to use robust internal moderation processes and their communities of practice. This can be especially valuable if they have only one Economics teacher at the school or have a teacher new to teaching Economics.

Internal assessment 2 (IA2)



Investigation — Research report (25%)

The assessment requires students to research a current economic issue through collection, analysis and synthesis of primary and secondary data, information and sources. A research report uses research practices to assess a range of cognitions in a particular context. Research practices include locating and using information beyond students' own knowledge and the data they have been given.

Assessment design

Validity

Validity in assessment design considers the extent to which an assessment item accurately measures what it is intended to measure and that the evidence of student learning collected from an assessment can be legitimately used for the purpose specified in the syllabus.

Reasons for non-endorsement by priority of assessment

Validity priority	Number of times priority was identified in decisions
Alignment	10
Authentication	0
Authenticity	13
Item construction	5
Scope and scale	2

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- managed the scope and scale of information and skills required to complete the task, so that it was appropriate for the syllabus conditions, including word length, e.g. the scale was focused on a specified number of industries, goods or services
- aligned the task to current economic issues, so economic effects could be analysed and evaluated. Examples are trade agreements in force for a number of years, or recent trade protection stances that changed the patterns and composition of Australian exports.

Practices to strengthen

It is recommended that assessment instruments:

- facilitate the authenticity of responses by
 - enabling the selection of sources, including authors and corporate authors, by removing lists of possible sources in the task. Students must have an opportunity to choose their own sources so that their *choice* can be assessed (Syllabus section 4.5.2: Selecting criterion)
 - limiting scaffolding (if any) to clear instructions about processes that could be used to complete the response (*QCE and QCIA policy and procedures handbook v6.0*, Section 8.2.3), e.g. providing a report structure, template or a list of headings/subheadings. Students require an opportunity to present the features of a report genre without teacher

support (Syllabus section 4.5.2: Creating a response criterion). This is evident at confirmation, where a cohort has different headings and subheadings

- allowing a choice of economic criteria to be used, either by not specifying economic criteria or by providing a teacher-curated list for students to choose from. Students must have an opportunity to choose economic criteria so that their ability to identify relevant economic criteria can be assessed (Syllabus section 4.5.2: Evaluating criterion). This is evident at confirmation where a cohort has a range of economic criteria being used
- avoiding a task that is identical to the QCAA sample, as this has a publicly available annotated sample response that could influence a student's response
- direct the evaluation of only one economic outcome, and for *either* a decision or conclusion (e.g. recommendation) to be made, rather than *both* a decision and a recommendation, or recommendations
- provide a purpose for the evaluation, to enable the choice of relevant economic criteria, e.g. a direction to 'analyse and evaluate [a specific trade agreement] to reach a decision regarding the success of the trade agreement' enables the choice of relevant economic criteria, rather than 'analyse and evaluate [a specific trade agreement]'.

Accessibility

Accessibility in assessment design ensures that no student or group of students is disadvantaged in their capacity to access an assessment.

Reasons for non-endorsement by priority of assessment

Accessibility priority	Number of times priority was identified in decisions
Bias avoidance	0
Language	0
Layout	0
Transparency	36

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- contained transparent task instructions typically expressed in command form without superfluous sentences, e.g. analyse, evaluate and then create
- used appropriate language and avoided unnecessary jargon, specialist language and colloquial language, e.g. used demand for a particular good or service rather than aggregate demand, which refers to the sum of demand for total goods and services
- modelled accurate spelling, grammar, punctuation and other textual features, and used bold, italics and other formatting features only where relevant.

Practices to strengthen

It is recommended that assessment instruments:

- clarify the *number* or range of economic criteria to be used in the evaluation of an economic outcome, otherwise the scale of the evaluation is unclear
- ensure that the 'to complete this task you must' section is aligned to task instructions, to minimise ambiguity and promote clarity. This section could set the scale or scope of the task

or clarify the number of economic criteria required. It should not repeat or redefine information that has already been provided

- contain a context that clearly and succinctly orients students to the task and the economic issue that requires investigation.

Additional advice

- The context of the assessment may be a contemporary international economic issue of state or regional significance to Australia. It does not have to be of national significance (Syllabus section 4.5.2).
- Ensure the task remains focused on current international economic issues, e.g.
 - how Australia responds to trading partners who choose to future-proof their own economies in response to slowing economic growth rates or climate change, or populist movements within economies of trading partners to reduce sovereign risk
 - the consequences of trading partners who turn to trade protectionism vs innovation and productivity incentivisation.
- Ensure the task allows for students to undertake a variety of responses. In the case of free trade agreements, there are only three currently under consideration. This inherently limits the range of economic inquiries a student can undertake.
- Teachers should be judicious about allowing students to consider multi-lateral trade agreements. The scale associated with analysing multiple trade partners and drawing an appropriately supported decision is difficult to execute at the highest performance-level indicators.

Assessment decisions

Reliability

Reliability is a judgment about the measurements of assessment. It refers to the extent to which the results of assessments are consistent, replicable and free from error.

Agreement trends between provisional and confirmed marks

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
1	Comprehending	96.69	3.31	0	0
2	Selecting	88.43	11.57	0	0
3	Analysing	89.26	10.74	0	0
4	Evaluating	84.30	15.70	0	0
5	Creating a response	94.21	5.79	0	0

Effective practices

Accuracy and consistency of the application of the ISMG for this IA was most effective when:

- in the Comprehending criterion, there was effective identification and application of the essential features of trade protection, trade agreements and/or the balance of payments matched to the 2–3 mark range
- in the Creating a response criterion
 - there was an adequate expression and development of ideas that conveyed economic meaning and some use of graphs or statistics matched to the 2 mark
 - the mark of 4 (out of 4) was given to responses that demonstrated *all* characteristics of the criterion at the top performance-level descriptors. The most frequently supported decisions contained expression that showed a logical development of relevant ideas that *enhanced*, not just conveyed, economic meaning.

Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG for this IA, it is recommended that:

- in the Selecting criterion
 - the choice of data includes the most current (i.e. the most recently available), otherwise the characteristics cannot be supported at the 3–4 mark performance level. Where data is the most current but does not match the currency of other data, a comment about the different time comparisons is necessary within the response
 - there is a range *and* variety of sources chosen, e.g. a number of sources that have a variety of different corporate authors. Choosing sources from one government department, or only a narrow variety of sources from those available (e.g. government and institutional websites, published reports, media articles and expert commentaries), does not support a judgment of discerning choice
 - the documentation of data and economic information must promote academic scholarship, i.e. all required elements, data, ideas, perspectives and contextualised facts are cited, including table and diagram data and economic information
- in the Analysing criterion
 - the ‘discerning’ qualifier is appropriately distinguished from the ‘effective’ qualifier. Discernment involves showing astute interpretations and explanations of economic relationships, e.g. selecting analytical points or concepts because they add value (significance) and relevance (contextualised) to the work. This understanding of discerning is particularly relevant in IA2, where students have sufficient time and scope to show evidence that the work is discerning through the explanations and interpretation of data, models and economic information
 - if data or economic information is used infrequently (e.g. a chart is included in the report with no apparent purpose, or there is no contextualised economic information used as evidence to support the interpretation or explanations), the evidence is not able to be matched to a perceptive use of data and economic information that supports the analysis
- in the Evaluating criterion, at the top performance level
 - economic ideas and perspectives are drawn together when synthesising to show intellectual perception and selection for value or relevance, e.g.
 - discussions show nuance and complexity with evidence from multiple authoritative and reliable sources, or show the interconnections between different parts of the Australian

economy and the interdependence of international trade trends and patterns, along with the perspectives of different economic agents in the Australian economy

- economic ideas offer opportunities to communicate interdependence, such as specialisation, economies of scale, the dynamic nature of competitive and comparative advantage, differing economic power between trade partners, resource scarcity, shifting international demand patterns, the volatile political landscape on which international agreements are made, and different incentivisation and efficiency forces impacting on supply chains. These ideas should be connected to and synthesised from the analytical findings within the response
- perceptive decisions show insight and understanding of the international trade topic under consideration. This requires that relevant economic criteria are explicitly used as a lens through which decisions are made. Relevant economic criteria can go beyond the standard economic growth and employment criteria. Examples of these criteria are economic efficiencies, comparative advantage, free trade, developing sustainable supply chain resilience, ability to navigate resource scarcity, and international competitiveness
- economic reasoning and justification be supported with evidence that involves *objective* analysis and evaluation of an issue to demonstrate how a given decision is right and reasonable. Examples of critical economic reasoning include the justification of clear connections between findings from the analysis and the decision made and the use of multifaceted evidence from authoritative sources showing interconnections and chains of reasoning referring to both costs and benefits.

Samples

The following excerpts illustrate a high-level response for the Comprehending and Analysing criteria.

- In Excerpts 1 and 2
 - complexity is integrated into the interpretation of the key patterns and trends evident across the two charts shown, with a discerning explanation of the economic concepts under consideration. There are astute choices of the main points being made about each chart, offering multifaceted views on the state of Australia's wheat exports in the global economy, and concise annotations to draw the reader's attention to the most important parts of the charts, showing perception. This is demonstrated by a simple arrow in Excerpt 1 and brief annotations in Excerpt 2
 - data and economic information are used perceptively to support the analysis throughout the interpretation and explanation. Data has been used to communicate the scope and scale of the trends, patterns and relationships.
- In Excerpt 1, note the use of citations was not consistent and is missing from the paragraph. Students need to understand when to cite economic information, e.g. to support the statement of Indonesia as the primary consumer of Australia's wheat, and the removal of trade barriers stipulated by IA-CEPA.
- In Excerpt 2, there is perceptive application of economic concepts and principles, and precise use of economic terminology, e.g. 'major price driver' and 'preferential access'. **Note:** terms such as tariffs and different types of free trade agreements did not require explicit definitions, because an understanding of these were obvious through their use.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Excerpt 1

This identified trend of growth in the Australian wheat industry in recent years is supported by Figure 11, a graph comparing the contribution of agriculture to the nation's GDP and its exports to its primary consumer of wheat, Indonesia. A positive correlation is exhibited between these indicators, which aligns with the fact that wheat contributes significantly to the value of the Australian agricultural sector and strengthens notably after 2020, coinciding with the implementation of the IA-CEPA.

In early 2020, Australia exported only 3.52 billion exports to Indonesia, the lowest output recorded for the decade. Likewise, in this same year, Australian agriculture recorded its lowest contribution to GDP in 10 years of \$11376 million, reflecting the importance of this commodity. The synchronised decline observed here indicates the global pandemic's disruptive effects on international trade.

However, after this low point, the enactment of the IA-CEPA in 2020 facilitated a significant upward shift in both indicators. By 2023, exports to Indonesia reached a peak of 7.63 billion, whilst the contribution of agriculture to GDP increased by a staggering 51% to reach \$17239 million. This was facilitated by the removal of trade barriers stipulated by IA-CEPA, which led to an increase in trade volume to Indonesia. Subsequently, this generated increased revenue for Australian producers, reflected in the sector's contribution to GDP growth.

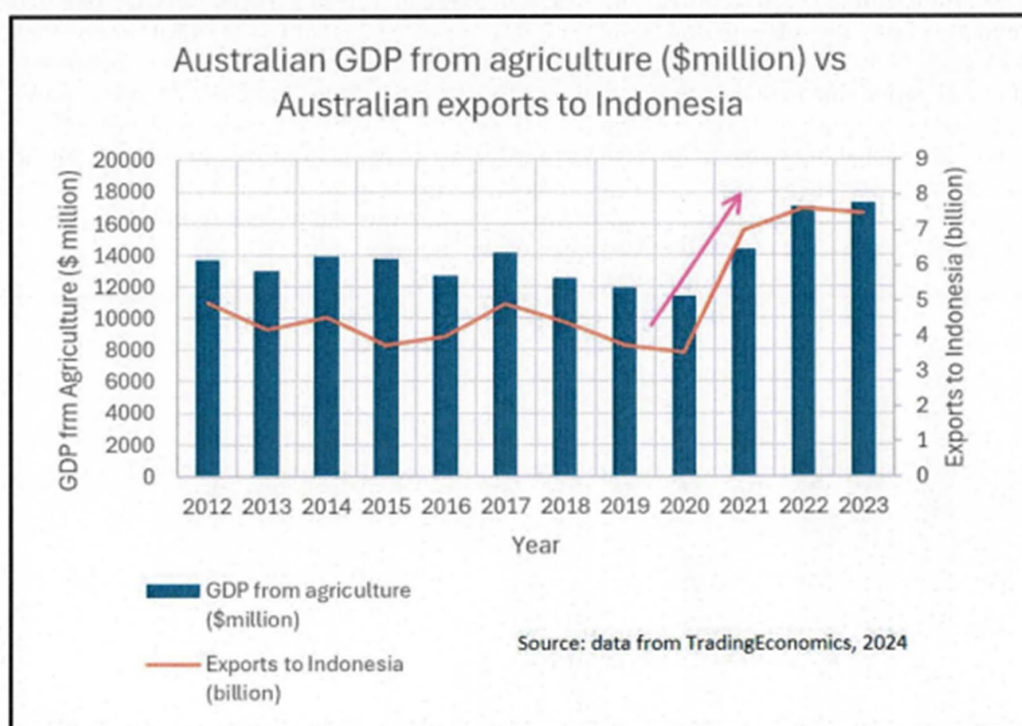


Figure 11: Agriculture contribution to Australian GDP vs Australian exports to Indonesia (Armstrong, 2023, created in Excel using data from TradingEconomics, 2024. Raw data available in Appendix table 3.)

Excerpt 2

However, the world's largest producer of wheat, Russia, also experienced growth in this period due to their recent actions as a "major price driver" to enact an export push, which has left wheat prices at a "near 3-year low" (Hama, 2023). This dynamic emphasises the importance of establishing stable trade relationships for Australia, particularly through establishing bilateral and multilateral FTAs. By fostering preferential access to the Indonesian market, FTAs like IA-CEPA aid in mitigating the impact of global price fluctuations and intense competition, thereby contributing to the sustainability of the Australian wheat industry. ✓

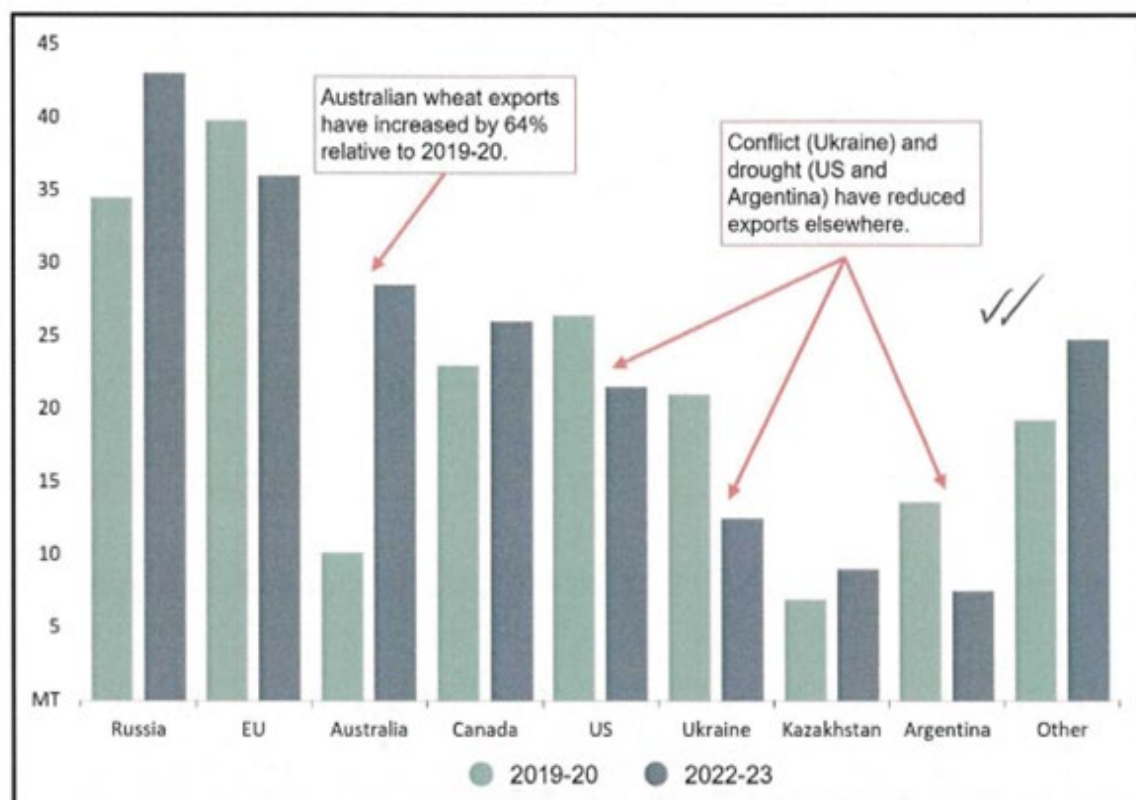


Figure 10: Comparison of world wheat exports 2019-20 and 2022-23 (Graph sourced from the U.S Department of Agriculture, 2024)

The following excerpt illustrates a high-level response for the Evaluating and Creating a response criteria by demonstrating:

- how the analysis is drawn on to make a series of clear economic arguments regarding the significance of ChAFTA: GDP, trade intensity, and trade balance. These economic criteria are relevant and show a discerning synthesis of economic ideas
- the use of critical economic reasoning and consideration of short-term and long-term aspects of the most significant economic criterion, GDP. Both are detailed and connected to current events, such as declining international relationships and economic shocks
- contrasting perspectives that are well-synthesised, e.g. export-based firms, government taxation revenue, and households in terms of access to a wider selection of goods and services and employment opportunities. The employment points are multifaceted through the connection to structural unemployment
- a precise and concise response, with the expression and development of ideas enhancing economic meaning through the use of clear paragraphing choices.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

The many short-term benefits of ChAFTA include that the increased exports, visible in the trade surplus analysis, increased profits for many export-based firms. This is because they were able to expand their customer base to include overseas consumers and received demand from these consumers as a result of decreased trade restrictions, making their goods and services more competitive with domestic products. Also, these increased profits for firms directly increased the tax revenue received by the government, improving their financial position. Lastly, Australian consumers gained access to a wider range of goods and services due to the increased trade with China.

However, the increases in GDP and GDP per capita result in firms and consumers spending more in the economy, leading to increased inflation. This negatively impacts firms and consumers by decreasing the purchasing power of their money, and in turn decreasing profits for businesses and the standard of living for consumers.

The enactment of ChAFTA also led to many long-term benefits. Firstly, firms are likely to invest the increased profits they have received because of increased exports back into their business to expand their production quantities and range and to innovate, inducing further increased profitability over time. Secondly, governments are able to utilise their new tax revenue to increase government expenditure. This is in the form of funding public infrastructure developments, improvements to healthcare, improvements to welfare programs, and other social initiatives that benefit households. Also, new job opportunities become available that are offered by firms while they expand production to account for increased demand.

In contrast, the increased level of trade intensity results in an increased risk with many investments, due to the low diversification of these investment opportunities that are susceptible to declining international relationships, economic shocks, and other similar events. Also, this increased trade intensity leads to increased specialisation in the Australian industries that are involved in large volumes of exports to China. Although this benefits these specific industries by supporting innovation and attracts workers, other industries are thus affected by structural unemployment and similar impacts.

The following excerpt illustrates a high-level response for the Evaluating criterion by:

- clearly signposting the use of two relevant economic criteria (efficiency and economic growth)
- demonstrating well-synthesised use of economic ideas and perspectives that are drawn directly from the student's analysis, e.g. first mover advantage, export concentration and natural factor endowment
- providing evidence of sophisticated and critical reasoning with a perceptive decision about the Australia-India ECTA, e.g. the economic reasoning recognised that not all Australian producers would face increased competition, indicating there are other forces or perspectives affecting the situation
- acknowledging the current imperative of a net zero global environment, through the discussion of coal as a finite and pollution-relevant commodity.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Economic growth is a valuable criterion in evaluating the economic outcomes of ECTA. Fundamentally, economic growth is evident through Australia's positive BoP, equating to \$5 billion globally and \$23.84 billion bilaterally, the value of which contributes to Australia's GDP through CFM injections (OEC, 2024). The reduction of trade protections may exacerbate this disparity due to Australia's export concentration, potentially leading to more extensive additions to GDP. Moreover, a positive account balance of that magnitude indicates the presence of sustainable economic growth, likely a consequence of strong export performance, debt sustainability and foreign investment inflows. After CECA comes to fruition, Australia has a compelling opportunity to further reinforce its trading relationship with India. A stronger variety of merchandise, enterprise and service exports will sustain its presence in the world's fastest growing economy, future proofing bilateral trade and economic growth in foreseeable future.

Although some Australian producers will face increased competition from Indian imports, most current import and price levels are sufficiently small as to not substantially impact those already competing with China and Japan (DFAT, 2022). On the contrary, domestic producers seeking international expansion are likely to benefit of barrier-free entry, gaining a first-mover advantage over competitors. For consumers, competition will encourage lower prices (through tariff elimination) and an enhanced variety of available commodities, increasing domestic consumer expenditure.

Australia's natural factor endowment of mass coal processing has paved the way for initial success in the Australian-Indian trade relationship. A tool for financial prosperity, coal exports provide trade security whilst India's energy demand continues to exceed its domestic supply capabilities. However, as both a finite and pollution relevant commodity, diversification from coal and related goods must be sought out to maintain ECTAs success and Australia's economic growth going forth. To this, the embedded MFN clause is on a strictly prospective basis, meaning in the long-term, Australian goods will be competitive on the Indian market.

Efficiency

Additional advice

- School use of scaffolding is required to be in accordance with the *QCE and QCIA policy and procedures handbook v6.0*, Section 8.2.3. While scaffolding can be a supportive teaching strategy, in assessment it must be professional and judicious in the summative stage of the course. Economics requires students to learn *through* inquiry, where the teacher cedes control and promotes independent work (Syllabus section 1.2.4). When scaffolding prompts students to pursue identical lines of economic analysis, refer to similar statistics, use the same economic models or draw on the same economic criteria, student responses will be overly similar, and scaffolding will have impeded the ability for students to provide an authentic response.
- Continue to encourage students to draw attention to only the relevant parts of charts or tables that relate to their work, rather than include tables where large sections are irrelevant. This year, the use of annotations or highlighting specific parts of charts or tables was a strategy that was well-used by students and helped show evidence of discernment when considering the Selecting and Analysing criteria.

- Allow students multiple opportunities to practise writing clearly and succinctly so that their work can be supported at the concise descriptor in the performance level. One strategy when completing investigations is to purposely build in time for students to edit and revise their work for clarity and conciseness.
- Information or graphs provided in an appendix is supplementary material that should not be used as evidence when marking the response (See *QCE and QCIA policy and procedures handbook v6.0*, Section 8.2.6). In almost all instances, either the information is not relevant or should be discussed and used in the body of the report.

Internal assessment 3 (IA3)



Examination — Extended response to stimulus (25%)

The assessment is a supervised test that assesses the application of a range of cognitions to a provided problem, question or issue. Student responses must be completed individually, under supervised conditions, and in a set timeframe.

Assessment design

Validity

Validity in assessment design considers the extent to which an assessment item accurately measures what it is intended to measure and that the evidence of student learning collected from an assessment can be legitimately used for the purpose specified in the syllabus.

Reasons for non-endorsement by priority of assessment

Validity priority	Number of times priority was identified in decisions
Alignment	40
Authentication	0
Authenticity	11
Item construction	6
Scope and scale	4

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that:

- required an appropriate scope and scale of information, knowledge and skills for students to demonstrate when completing the task, by focusing on one macroeconomic issue
- followed the conventions for item construction by limiting the context (if any) to reduce reading time during examination conditions.

Practices to strengthen

It is recommended that assessment instruments:

- include the purpose of the evaluation, to enable students to choose relevant economic criteria from the stimulus material provided
- provide stimulus material
 - where the seen sources do not indicate the focus of the task, as this may allow students to pre-prepare a response, e.g. if the unseen item is focused on inflation, then the seen stimulus material should not only focus on inflation. Further, unseen stimulus material must have data and information that is critical to the unseen item. These specifications make the task easier to be modified if a comparable task is required
 - of sufficient variety, e.g. stimulus that only contain graphs may not have enough information to elicit evaluation. **Note:** text-based sources are not limited by word length

- that meet the page size specifications for stimulus material in full. The provision of a limited or narrow range of stimulus material provides less opportunity for analysis and evaluation, meaning responses may not be able to access the upper performance-level descriptors for these criteria
- allow for unique responses by not overly scaffolding the task, specifying the economic criteria to be used, or providing stimulus materials that predetermine responses, e.g. providing economic reasoning, analytical findings or theoretical knowledge may provide information that could limit unique responses or reduce the authenticity of responses
- align the task to current economic events and trends to expose economic interconnections by providing multifaceted stimulus material that enhances opportunities for analysis and evaluation at the top-level descriptor. Items about non-current economic conditions may produce more standard, theory-based responses that could be produced under any economic conditions. Examples of current economic events include
 - high inflation as a cost-of-living problem, which reduces the living standards of many Australians, e.g. those with a high propensity to spend, and those with lower disposable income. Further, inflation is multilayered with a range of current drivers
 - the Australian economic experience of the widening of wealth inequity, particularly in Australian households that do not rent or live in apartments. This has consequences for intergenerational equity, which is an issue of significant importance to current students
 - sustainable economic growth in Australia, which is currently heavily dependent on GDP per capita rising so average living standards can increase. Productivity, as a means to improve economic equity and prosperity, is very prominent in the current messaging by both the Reserve Bank of Australia and Treasury departments across Australia
 - the quantity of underutilised labour and the participation rate add meaning to the current relatively low unemployment. These indicators provide more comprehensive information about the state and strength of the labour market in the current unusual context of high inflation. Further, the labour market is not homogenous, with a range of factors impacting the market.

Accessibility

Accessibility in assessment design ensures that no student or group of students is disadvantaged in their capacity to access an assessment.

Reasons for non-endorsement by priority of assessment

Accessibility priority	Number of times priority was identified in decisions
Bias avoidance	8
Language	4
Layout	2
Transparency	31

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that:

- avoided bias in the stimulus by not leading students toward a particular decision
- modelled appropriate language conventions and avoided unnecessary jargon, specialist language and colloquial language.

Practices to strengthen

It is recommended that assessment instruments:

- provide instructions that clarify the number or range of economic criteria to be used in the evaluation. Without this clarity, the scale of the task may become too broad or the scope too narrow
- contain stimulus material that includes a date for each source, so that the reference date is not ambiguous or unknown. Students must be able to contextualise the data and economic information in time and against other sources provided
- are checked for appropriate layout and formatting of sources within the stimulus material, e.g.
 - title, axis labels and units of measurement
 - numbering of sources sequentially and without duplication
 - choosing images of legible resolution and appropriate size.

Additional advice

- Note that the context of the assessment may be a contemporary macroeconomic issue that is of state and/or regional significance to Australia — the issue does not have to be of national significance (Syllabus section 5.5.1). This opens up the potential for using state or regional data, trends and perspectives.
- Though there was an improvement from last year, the unseen sources must include information that is critical to the task to ensure that students cannot write pre-prepared or overly scripted responses. Consider the usefulness of unseen stimulus material carefully.
- The seen and unseen stimulus must
 - enable students to focus on economic issues that are nuanced by actual contemporary economic events in Australia (Syllabus pp. 39, 44), e.g. current factors affecting the economy, such as the implications of the living costs, high housing costs and the tightness of the labour market, can be considered when using the standard of living criterion. The monetary policy decision statements released routinely by the Reserve Bank of Australia provide information about current factors that are impacting major macroeconomic objectives, and these are recommended student reading. The minutes of the monetary policy meetings of the Reserve Bank Board provide fuller details of the current economic factors
 - allow for evaluation to be elicited, e.g. while economic ideas are described as ‘economic concepts or principles that are supported by economic theory, economic reasoning and/or empirical evidence’ (Syllabus p. 57), the synthesis elicited must not be overly theoretical and should be contextualised to and supported by the stimulus provided. Broad perspectives should be able to be drawn from and connected to the stimulus materials for students to build on and show their ‘economic thinking’. This is an opportunity where students can demonstrate the use of data and economic information from seen and unseen sources.

Assessment decisions

Reliability

Reliability is a judgment about the measurements of assessment. It refers to the extent to which the results of assessments are consistent, replicable and free from error.

Agreement trends between provisional and confirmed marks

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional	Percentage both less and greater than provisional
1	Comprehending	90.83	5.83	3.33	0
2	Selecting	99.17	0.83	0.00	0
3	Analysing	92.50	6.67	0.83	0
4	Evaluating	94.17	5.00	0.83	0
5	Creating a response	97.50	2.50	0.00	0

Effective practices

Accuracy and consistency of the application of the ISMG for this IA was most effective when:

- in the Selecting criterion, there was evidence of an adequate choice of current, accurate and reliable data and economic information and adequate use of data and economic information from seen and unseen sources, matched to the mark of 2. When unseen sources were not used, the evidence was appropriately matched to the mark of 1
- in the Analysing criterion
 - there was evidence of the effective interpretation of patterns and trends in data and economic information, effective explanation of relationships and adequate use of data and economic information to support the analysis matched to the 3–4 mark range
 - responses in the 5–6 mark range showed evidence of
 - discerning interpretations with astute meaning drawn. Detail included economic interconnections, e.g. recognising that the labour market, price stability and economic growth contained a depth and complexity that could be drawn out
 - discerning explanations of economic (cause and effect) relationships, with an in-depth focus on the why and how, and detailed understanding of complexities involved, e.g. there might be a discussion of the marginal propensity to consume, or intertemporal differences, with relevant nuances that show an astute analysis
 - perceptive use of data and economic information to support interpretations and explanations of peaks, troughs, ranges and dates, and significance of size and proportion. Narrow or inconsistent use of data or economic information is recognised as being inconsistent with a *discerning* interpretation of patterns and trends and a *discerning* explanation of economic relationships.

Practices to strengthen

To further ensure accuracy and consistency of the application of the ISMG for this IA, it is recommended that:

- in the Comprehending criterion
 - when matching student work to the 4–5 mark range for the application of economic concepts, principles and models, evidence of *perceptiveness* is required, i.e. evidence used thoughtfully to demonstrate insight, which is more than an *effective* response
 - judgments for the identification of the essential features of macroeconomic objectives and application of economic concepts be found throughout the analytical essay, not just in the initial paragraphs. These do not have to be communicated by definitions that can inhibit the fluency of the essay. Definitions are not required in Economics. Evidence should be comprehensive, i.e. inclusive of thorough details that are relevant to the macroeconomic objectives
- in the Evaluating criterion, responses have evidence of *all* the characteristics at the top performance level to be matched to the mark of 6. This means
 - the economic ideas and perspectives drawn together for synthesis show intellectual perception and higher value or greater relevance, i.e. that the synthesis is discerning when it combines different economic ideas and perspectives to support the decision made
 - the decisions made demonstrate insight and understanding of the macroeconomic objectives under consideration to be *perceptive*. This is best seen where relevant economic criteria are explicitly used as a lens through which decisions are made, and where there is a balance of relevant details across both economic criteria
 - for economic reasoning and justification to be supported at the *critical* descriptor, there must be evidence of the objective analysis and evaluation of the issue, e.g. there is evidence to support the justification, and the reasoning considers both costs and benefits. Where only benefits are considered, there is less evidence to support a justification that the decision is right, reasonable or equitable to all or to particular groupings in the economy
- in the Creating a response criterion, at the upper level, expression and logical development of ideas *enhance* — not just convey — economic meaning, with the effective use of graphs, diagrams and/or statistics. Responses that introduce relevant criteria at the outset of the essay, then systematically present the analysis (including charts, graphs, and models) to progress the work logically and intentionally toward a decision, meet the descriptors at the highest performance level.

Samples

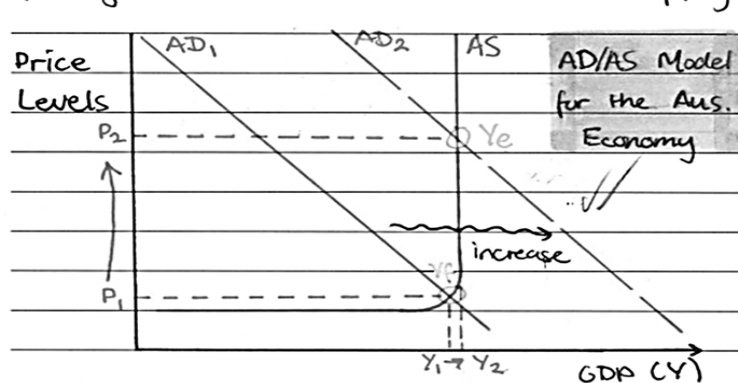
The following excerpt illustrates a high-level response for the Selecting, Analysing and Creating a response criteria by:

- perceptively integrating and drawing on six sources (two of which are unseen) and the AD/AS model to make a complex, well-reasoned analysis of price volatility in the post-COVID Australian economy
- showcasing economic analysis, as the response demonstrates a discerning choice about what data and economic information to interpret and then explains the inherent economic relationships with precision and perception. Throughout the entirety of the excerpt, the response uses data and economic theory and models to support the statements made
- demonstrating comprehensive understanding with concise writing and expression. This has enhanced the economic meaning evident in the work. **Note:** the structure of the analytical

essay is not as transparent — the main points would be more clearly demonstrated if paragraphs were more clearly defined.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

As inflation is a compounding measure — that is, each year adds onto the one before it — nearly four years of positive CPI growth of an inflation that is already above target leads to spiralling price increases. Notably, this has been partially attributed to market 'oligopolies' which have engaged in 'unfair pricing practises' such as 'price gouging' (Source 3). As a result, consumers are 'scared' and 'feeling the heat' in supermarkets as inflation of all baskets of goods hides 'behind the bargain' — when corporations hike prices and disguise them as specials (Source 4). Further, inflation has been 'fanned by massive state and deferral government spending' (Source 3). As a constituent of aggregate demand, a growth in government spending leads to a growth in demand, and thus, higher prices as a result of the price mechanism (*ceteris paribus*). Further, "supply shocks" of "both imports and domestically produced goods" have seen the "demand for goods and services exceed supply capacity" (Source 8).



As mentioned, the increased government spending has led to an increase in aggregate demand (from AD_1 to AD_2), resulting in supply being too low, shifting the economy away from full employment (Y_1 to Y_2), and subsequently, increasing prices (P_1 to P_2). This is furthered as a result of the multiplier effect — for every \$1 of spending injected into the economy, it creates a more than proportional increase in aggregate income, and thus, spending into the economy (*ceteris paribus*).

The following excerpts illustrate a high-level response for the Evaluating criterion by:

- drawing on a discerning interpretation of multiple sources (seen and unseen) to arrive at a perceptive conclusion about the Australian government's handling of price inflation and the cost-of-living crisis in the contemporary Australian economy
- drawing on the analysis to lead a well-justified discussion of the impact of cost of living and government measures to manage it, e.g. by leveraging living standards and inter-generational equality as economic criteria. The excerpts consider the impact of higher interest rates on living standards specifically on young Australians, showing perception and insight
- synthesising economic ideas with critical economic reasoning. A relevant and perceptive conclusion has been drawn based on strong economic thinking. The use of evidence from sources (data and economic information) to support the statements made differentiates this from a purely theoretical discussion.

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Excerpt 1

However, this is not equitable for all Australians with it creating a widening of the income and wealth inequality gaps. Source 4 demonstrates that the largest generation, Gen Y, at 15% of the population, has the lowest wealth and wages. Wealth being at just \$353,600, and income at \$28,160 (Source 4). This means that with high inflation and low growth expected, younger generation will have to draw more from their wages for the foreseeable future just to buy simple items. This means that their standard of living is affected as they cannot afford items that improve their daily life. Furthermore, this reduces their ability to accumulate their saving to buy assets such as houses and thus gain wealth. This is despite housing prices being at an all time low at 0% in 2023 and seemingly being the perfect time to enter, Gen Y can't even get a loan (Source 6 & 7). Housing loan commitments are down to just 15% for owner-occupiers largely stopping many from entering the market or helping them pay their increasingly high mortgage due to high interest rates.

Excerpt 2

Thus, the ~~current~~ ^{wealth} inequality gap grows larger with just 9% of the Australian population owning 26% of all ^(Source 3) wealth. ^{But} While wealthy people can lean on their assets as a hedge against inflation younger generations are left ^{with} a high cost of living with no prospect of getting a home any time soon. Though, while this may not be equitable, ^{especially} for younger generations, ^{home} owners and investors do feel a wealth effect. As "falls in housing prices... exert a drag on consumption..." people ^{begin} feel less wealthy as their money tied into the housing market depreciates ^(Source 3). With spending already low this ^{threatens} to make it worse with ^{even} less spending than older generations contracting economic growth further. Though, real GDP is projected to grow by 1.8% in 2023 and 1.9% in 2024 likely easing negative consumer sentiment (Source 3 + 60). However, before that, GDP ^{growth} is slowing and the unemployment rate is rising to at least 4.6% by late 2024 adding pressure onto low income earners on top of inflationary pressures. ^(Source 3) Thus, ^{the equity of the} the ~~standard of living~~ government's decision to hike interest rates leans more in favour of wealthier individuals with homes and no mortgage who benefit from this ^{as} their money appreciates ^{more} in the bank. People with less wealth are impacted more by inflation and interest rates, who need economic growth to ensure high employment.

The following excerpts illustrate a high-level response for the Evaluating criterion by:

- interpreting key patterns and trends related to Australian unemployment, with a particular emphasis on the non-accelerating inflation rate of unemployment (NAIRU) that shows a perceptive grasp and use of the economic data and information provided in the seen and unseen stimulus material
- balancing the tension of two competing economic criteria — economic growth and living standards. The response uses critical economic reasoning by considering the overarching economic background of high inflation to make a well-synthesised and well-supported decision about the Australian government's management of the economy to improve living standards (which is what the endorsed task required).

Note: The characteristic/s identified may not be the only time the characteristic/s occurred throughout a response.

Excerpt 1

Following the high unemployment rates experienced during Covid, the economy opened back up and caused a recovery period where unemployment fell from ~8% down to 5%, a range closer to the NAIRU. This trend of low unemployment continued as it remained stagnant around 4%. Underemployment experienced the greatest decrease as businesses looked to expand following the contractionary phase of the economic cycle caused by COVID (source 1D). This resulted in an increase of only 0.4% in atpt between 2021-22 and 2022-23 meaning the economy was inefficient as the amount spent on wages did not reflect proportional business growth (source 6). As unemployment has decreased the economy has failed to achieve NAIRU, as the inflation rate remains high. The government's inability to increase labour force utilisation ~~was~~ results in more household incomes, but due to the cost of living pressures brought on by high inflation, and thus high interest rates, the population has less disposable income to be spent on improving ^{their} quality of life. This is demonstrated in the household debt that has remained stagnant as households struggle to pay off loans as easily (source 2B).

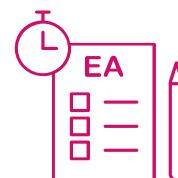
Excerpt 2

Though not stimulating the economy in the pre covid era and thus experiencing low economic growth, the recession evoked by covid was felt exceptionally hard. In an effort to recovery quickly from this, expansionary policies ~~was~~ were implemented, causing desired growth but negatively impacting the quality of life of the population as ~~it~~ it caused high inflation, ~~that~~ causing the RBA to rise interest rates. The reduced purchasing power and less real wages due to the gap in growth rates of wages and inflation resulted in standards of living being worsened as necessities such as housing became more unaffordable, resulting in less disposable income. Thus, the Australian economy was ineffective in achieving the desired levels of economic growth and reaching internal stability, therefore failing to improve standards of living.

Additional advice

- Responses that do not use data and information from both seen and unseen sources cannot be matched to more than 1 mark in the Selecting criterion.
- Students must correctly refer to stimulus material. In the following example, the subject of the sentence is the economic indicator, not the source and its number. That is, instead of writing 'Source 3 says youth unemployment is 9.3% in 2024' change the sentence to either:
 - 'Youth unemployment is 9.3% in 2024, which means ... (Source 3)'
 - 'According to the Australian Bureau of Statistics, youth unemployment is 9.3% in 2024, indicating ... (Source 3).'
- Paragraphing is an important communication tool in an analytical essay to divide key ideas and main points beyond a basic two main body paragraph essay. The choice of language and sentences also work together with paragraphing to propel the reader forward in a coherent and fluent manner, where ideas and points flow consistently and logically to enhance economic meaning.
- Students should be prepared to add and annotate diagrams when relevant to the question to provide opportunities to show identification, application and use of economic models. Students should ensure that these are properly labelled and explained in their response.

External assessment



External assessment (EA) is developed and marked by the QCAA. The external assessment for a subject is common to all schools and administered under the same conditions, at the same time, on the same day.

Examination — Combination response (25%)

Assessment design

The assessment instrument was designed using the specifications, conditions and assessment objectives described in the summative external assessment section of the syllabus.

The examination consisted of one paper with 15 questions (60 marks).

The assessment required students to complete:

- ten multiple choice questions
- four short response questions, both with and without stimulus provided
- an extended response to stimulus.

The stimulus for the short response items included a graphical representation of federal government revenue and expenditure over time, a visual representation of data for six economic indicators and four graphs of Australian short-term overseas arrivals by reason. The stimulus for the extended response involved the authentic economic situation of extreme weather events with a range of visual representations and texts.

Assessment decisions

Assessment decisions are made by markers by matching student responses to the external assessment marking guide (EAMG). The external assessment papers and the EAMG are published in the year after they are administered.

Multiple choice question responses

There were 10 multiple choice questions.

Percentage of student responses to each option

Note:

- The correct answer is **bold** and in a **blue** shaded table cell.
- Some students may not have responded to every question.

Question	A	B	C	D
1	27.34	12.67	27.37	31.93
2	18.65	10.94	3.17	66.51
3	26.87	19.27	6.60	46.55
4	40.20	31.85	17.04	10.38
5	8.83	3.51	83.49	3.51
6	57.35	8.63	20.55	12.86

Question	A	B	C	D
7	12.39	40.81	33.13	12.78
8	35.41	6.43	26.78	30.60
9	49.08	20.94	20.68	8.38
10	25.89	50.06	18.51	4.79

Effective practices

Overall, students responded well when they:

- comprehended different economic scenarios to identify the essential features and applied economic concepts, principles and models being elicited by the question, both in written form and using a calculation
- analysed economic issues using data and dates specifically to describe the direction, nature and scope of a trend or pattern, and then drew meaning from this description
- evaluated economic outcomes using the findings from their analysis to make a decision about a monetary policy stance and two different government approaches using the criterion of future employment.

Practices to strengthen

When preparing students for external assessment, it is recommended that teachers:

- teach all subject matter in Unit 4 Topic 2, e.g. an understanding of the stabilisation of the economic cycle is referred to in the first bullet point of the subject matter in Unit 4
- focus on current economic events (Syllabus section 5.1) for class activities. The description of Unit 4 Topic 2 advises that students examine policy choices about the current level of economic activity (Syllabus section 5.4), e.g. there are current examples of budget recurrent and noncyclical spending that are adding to government expenditure pressures to achieve economic objectives. Students must investigate recent federal budget outcomes to analyse the causes and effects of expansionary and contractionary fiscal policy stances
- encourage students to be comfortable with unfamiliar data and information. Students have been trained in economic thinking through internal assessment and the use of the analysing and evaluating ISMGs throughout the course. The external assessment tests these skills. This includes the use of data ranges and dates when quantifying patterns and trends
- allow sufficient opportunities and provide targeted feedback when students are interpreting to add meaning to, or draw meaning from, a pattern or trend, and when explaining a relationship, e.g. when
 - explaining the economic issue (e.g. extreme weather events), responses should state *why* or *how* the extreme weather event is an economic issue
 - interpreting an event, such as flood or storm damage that has increased over time, responses must interpret by explaining *why* or *how* the damage is a problem, i.e. do more than restate or directly quote information from a source provided. Analysis must be supported by data where data is provided
 - analysing economic indicators, responses must interpret the indicator rather than just describe the data. Students should be aware of what high indicators are, e.g. 10% price increases in a year, compared to a 1% annual increase. In a typical year, average annual

price increases aim to be within the 2–3% band used by the Reserve Bank of Australia as its key metric

- provide opportunities for students to become familiar with the one formula specified in the syllabus, the calculation for change: $\frac{Y_2 - Y_1}{Y_1} \times 100 = X\%$. Basic conventions of mathematics

need to be followed when a question requires calculations. This includes the formula, either in numeric or algebraic form, the logical format of lining up the workings, and the answer, using the equal sign. This setting out reduces the risk of error in a response and allows the item to be marked efficiently.

Samples

Short response

Question 12 required students to demonstrate an understanding of the significance of a budget deficit that was increasing over time. Responses needed to provide answers about a) scale of the issue and the likely causes and b) potential solutions to the deficit problem.

Effective student responses:

- identified the issue as a budget deficit problem that in 2026 was 5% of GDP, and that this deficit problem had developed over the preceding five years
- quantified (using data and dates) and explained a valid cause of both the decrease in revenue and the increase in expenditure
- identified two valid funding solutions and explained a limitation of each identified solution.

These excerpts have been included to demonstrate:

- in Excerpt 1 (Question 12a)):
 - a clear identification of the economic issue, including the amount, the deficit problem and the time period (since 2010). **Note:** the current period and data is not in the excerpt chosen
 - an explanation of a cause of the rising budget expenditure, relating to rising health costs due to Australia's ageing population that is valid and relevant to Australia's recent experience
 - an explanation of a cause of the decreasing budget revenue, relating this to falling tax receipts, and linking this to the contribution of rising retirements given Australia's ageing population
- in Excerpt 2 (Question 12b)):
 - the second funding solution: borrowing from the Australian public. The relevant limitation is explained using statements about why or how the limitation exists. In this case, the crowding out effect has been explained to show an understanding that the funding solution can result in a reduction of funds available for worthwhile business opportunities.

Excerpt 1

The economic issue is the increasingly large disparity between government expenditure and government revenue, ultimately leading to a difference of 5%^{points}, the largest gap between them since 2010. This means the government has to spend 5% points more than they are receiving, leading to a significant budget deficit. The two causes for the increase in government expenditure is the decrease in government income and the increase in government expenditure. As Australia has an aging population, healthcare costs for these senior citizens are increasing - as the government contributes to the payment of healthcare services, this is one reason why government expenditure is increasing at a rate not kept up with gov. revenue. A reason that government revenue (achieved primarily through direct income taxes) has not been increasing (thus causing the disparity with expenditure) is also the aging population and increase of people retiring.

Excerpt 2

Another way the government could fund such a significant budget deficit would be to borrow from the Australian people. However, this may cause 'crowding out', where Australian households and investors give their money to the government in return for interest, instead of investing their money into something that could lead to increases in technology, efficiency or productivity - ~~this is therefore~~ or just investing in other worthwhile business opportunities.

Question 13 required students to demonstrate an understanding of a range of economic indicators. Responses needed to refer to inflationary forces, offsetting or contractionary forces and a decision about the monetary policy stance required.

Effective student responses:

- identified, using data, that inflationary pressures existed and interpreted the labour market, health and housing costs
- identified that contractionary or offsetting economic forces existed and interpreted petrol prices and the impact of the rising dollar on exports and imports
- provided a decision about the required monetary policy stance using economic reasoning and described a caveat or limitation to the decision.

These excerpts have been included to demonstrate:

- in Excerpt 1, a thorough interpretation of \$AUD appreciation on reducing the demand for exports and raising the demand for imports, and the consequent effects on net trade and aggregate demand. This follows through to the analytical finding that the effect will offset the inflationary pressures in the economy
- in Excerpt 2
 - a thorough interpretation of the state of the labour market using the labour utilisation rate. This referred to a shortage of labour and a tight labour market, both of which are indicative of inflation pressures. The response draws meaning about this economic indicator through the connection to labour-intensive businesses and higher disposable income
 - a clear decision derived from the analysis. In this case the more appropriate monetary policy stance would be to raise the cash rate using the economic criterion of inflation. The decision is justified using economic reasoning that demand and cost price forces are the source of inflationary pressures and need to be controlled by the central bank.

Note: responses could have decided to raise, reduce or keep the cash rate steady, depending on the economic reasoning provided. The economic reasoning is valid and supported by the analysis.

Excerpt 1

The appreciation of the AUD from AUD \$0.80 to AUD \$1.00 (increase by 25%) over the last year indicates rising demand for the currency, likely due to more favorable interest rates for investors, leading to greater return on investment in this country, increasing demand for the currency. The appreciation would lead to a contraction in the demand for Australian exports, and an expansion in the demand for imports from the major trading partner, thus causing an increase in imports, and a decrease in exports, causing a reduction in net trade and putting downward pressure on aggregate demand, thus reducing inflationary pressures from flow on effects such as consumption expenditure.

Excerpt 2

Labour underutilisation rate was 4% and is continuing to fall, indicating significant labour shortage in the economy and that the labour market will continue to get tighter. Higher demand for labour per worker causes an increase in the cost of labour, increasing wages growth. The supply price pressure of paying higher wages, as businesses pass on higher labour costs to consumers would contribute to highly labour intensive industries such as the construction and health industry, contributing to the rampant inflation. Additionally, higher levels of wages would lead to greater levels of domestic demand pressures due to consumers having a higher disposable income, further contributing to inflation.

Therefore, as most inflationary pressure is sourced from domestic demand and cost price pressures from wages growth and excessive economic activity, continuing to raise the cash rate would be best, as it would continue to dampen economic activity, wages growth, and aggregate demand, reducing inflation.

Extended response

Question 15 required students to analyse the economic issue evident in the stimulus material and evaluate a demand-side and a supply-side approach taken by Australian governments. Responses had to include a conclusion about which approach is more effective using the criterion of future employment.

Effective student responses:

- analysed the stimulus material to
 - identify the economic issue, noting Australia's reliance on non-renewable energy production
 - quantify the weather data using dates and interpret meaning about the damage caused
 - quantify the pattern of carbon emission sources and trend of electricity generation data, then interpret either the pattern or the trend
- evaluated the economic outcome from the analysis by
 - explaining solar subsidies as an approach stimulating the demand for solar, adding details and synthesising a relevant idea or perspective with those details
 - explaining the CopperString project as an approach increasing the supply of electricity, adding details and synthesising a relevant idea or perspective with those details
 - deciding the effectiveness of each approach using the criterion of full employment and economic reasoning, and finally deciding which approach is the most effective.

This excerpt has been included to demonstrate analysis by:

- interpreting the damage caused by the weather events in detail, drawing meaning about the aggregate supply effects (increase supply–push inflation pressures) and the aggregate demand effects (reducing net exports). The explanation uses evidence from two sources (1 and 4). The response adds meaning and provides details
- explaining the economic issue as extreme weather events, which would result in a decrease in economic growth and provide the government with a rationale to intervene.

The extreme increase in global weather events has negative affects on the economy. Extreme weather events frequently destroy resources, such as staple crops, reducing overall production, AS, and GDP, can cause supply chain problems resulting in lower net exports and increased inflation, and also cause productivity losses as people are unable to work. This is supported by Source 4, which states that Australian weather disasters are damaging food, transport and major export industries and assets, which would result in cost-push inflationary pressures (through the decrease in supply and increase in transport cost), leading to a decrease in AS, and a decrease in AD through the decrease in net exports, which is a component of the AD equation. Overall, this would result in a decrease in economic growth, and as that is one of the government's macroeconomic objectives, they have a rationale to intervene.

These excerpts have been included to demonstrate evaluation of the demand-side approach:

- in Excerpt 1, the solar subsidies are explained as the demand-side approach, diverting demand from non-renewable sources and causing a shift in demand towards the substitute product, i.e. an alternative
- in Excerpt 2, there is a synthesis of the theory of market forces being used to phase out 'environmentally sustainable products' through the change in the composition of energy demanded. The response adds detail by using evidence of the positive successful trends of the existing approach. The solar approach has been identified as effective as it has contributed to the decrease in non-renewable electricity generation. **Note:** GVT means government.

Excerpt 1

The current demand-side fiscal approach has been attempting to divert demand away from non-renewable sources. The rationale is to shift household consumption towards renewable energy like solar, as to reduce non-renewable energy production by providing alternatives.

Excerpt 2

Indeed, the GVT is attempting to change the composition of energy demand, and use market forces to eventually phase out environmentally unsustainable products. So far, efforts have seen positive trends: national electricity generation has seen a 20% point decrease in non-renewable sources, and 20% increase in renewable sources in 1998-2023. Of which, roof top solar increased from 0 to 10% (56), demonstrating its potential as a promising substitute good.

This excerpt has been included to demonstrate evaluation of the supply-side approach:

- the CopperString project is explained as increasing the supply of electricity infrastructure to allow rich deposits of critical minerals to be developed. The detail is added at the end of the paragraph, where there is a connection made from increasing production of renewable goods (resulting from the critical minerals) to reducing emissions and contributing to the solution of the economic issue
- the explanation synthesises the relevant idea of the aggregate supply (AS) graph, where the shift in AS will cause growth along the aggregate demand graph, reducing prices and increasing consumption.

The State government has taken ~~this~~ approach to increase supply through establishing the infrastructure required to increase production. This will be achieved through \$5 billion CopperString Project 2052, which will connect the region containing rich deposits of the required critical minerals, ^{estimated at \$200 billion} to the power grid ~~and~~ (S2). This will increase the production of these minerals and thus the production of renewables, increasing supply. As modelled on the aggregate supply and demand graph, this outward shift of AS will cause growth along the AD line, reducing prices and increasing consumption. This increased production of renewables will then reduce emissions and address the economic issue.

This excerpt has been included to demonstrate a clear final decision in the evaluation. There is a valid decision that evaluates the supply and demand side approaches. The supply-side approach is found to be more effective as the infrastructure investment will add to job creation, using future employment as the economic criterion.

Overall, whilst both approaches encourage a transition away from non-renewable energy, supply-side management is more effective. Whilst solar subsidies decrease demand for non-renewables, it does not address subsequent structural unemployment. Infrastructural investment however, can spur job creation and ultimately increase future employment.

Additional advice

- Students need to be judicious in the choice of direct quotations from a source, as they are not typically required. A direct quote, especially in Economics, is only appropriate where the author's words cannot be paraphrased without a loss of meaning and when the exact words carry special significance. It is more valuable that students paraphrase or summarise in their own words and acknowledge this using in-text citation. For example, many responses simply repeated or quoted the source information as in 'Australian weather disasters are damaging food, transport and major export industries and assets'. This is not an interpretation of the source.
- Students must refer to stimulus material correctly, e.g. instead of writing 'Source 8 shows China has 63% of solar jobs ...', use 'China controls 63% of the global solar jobs ... (Source 8)'. This correctly refers to China's control of the solar jobs market, while 'Source 8' provides the evidence that supports the statement of China's control.
- Students need practise in and feedback on deconstructing questions, so they can answer the question in full, e.g.
 - students should be familiar with using hypothetical situations that use a future time. Economic graphs always clearly indicate if a portion of a graph is estimated or forecasted
 - students don't confuse what has happened (e.g. solar panel approaches) with a proposal or initiative that has not yet happened.
- The use of data and dates in economic graphs over time should be part of the economic thinking developed during this course. Some responses did not refer to either data and/or the time period. When analysing the economic issue of extreme weather events, responses must refer to the range and dates to support the analysis. When discussing the economic issue of a deficit, responses must refer to the range of change, and the dates covering the period of change.
- Handwriting must be legible. Students require feedback over the two-year course of study if their handwriting in examination conditions deteriorates or requires improvement.