

Economics General Senior Syllabus 2019 v1.1

Subject report 2020

February 2021

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Introduction

The first summative year for the new Queensland Certificate of Education (QCE) system was unexpectedly challenging. The demands of delivering new assessment requirements and processes were amplified by disruptions to senior schooling arising from the COVID-19 pandemic. This meant the new system was forced to adapt before it had been introduced — the number of summative internal assessments was reduced from three to two in all General subjects. Schools and the QCAA worked together to implement the new assessment processes and the 2020 Year 12 cohort received accurate and reliable subject results.

Queensland's innovative new senior assessment system combines the flexibility and authenticity of school-based assessment, developed and marked by classroom teachers, with the rigour and consistency of external assessment set and marked by QCAA-trained assessment writers and markers. The system does not privilege one form of assessment over another, and both teachers and QCAA assessors share the role of making high-stakes judgments about the achievement of students. Our commitment to rigorous external quality assurance guarantees the reliability of both internal and external assessment outcomes.

Using evidence of student learning to make judgments on student achievement is just one purpose of assessment. In a sophisticated assessment system, it is also used by teachers to inform pedagogy and by students to monitor and reflect on their progress.

This post-cycle report on the summative assessment program is not simply being produced as a matter of record. It is intended that it will play an active role in future assessment cycles by providing observations and findings in a way that is meaningful and helpful to support the teaching and learning process, provide future students with guidance to support their preparations for summative assessment, and promote transparency and accountability in the broader education community. Reflection and research are necessary for the new system to achieve stability and to continue to evolve. The annual subject report is a key medium for making it accessible to schools and others.

Background

Purpose

The annual subject report is an analysis of the previous year's full summative assessment cycle. This includes endorsement of summative internal assessment instruments, confirmation of internal assessment marks and external assessment.

The report provides an overview of the key outcomes of one full teaching, learning and assessment cycle for each subject, including:

- information about the application of the syllabus objectives through the design and marking of internal and external assessments
- information about the patterns of student achievement in each subject for the assessment cycle.

It also provides advice to schools to promote continuous improvement, including:

- identification of effective practices in the design and marking of valid, accessible and reliable assessments
- identification of areas for improvement and recommendations to enhance the design and marking of valid, accessible and reliable assessment instruments
- provision of tangible examples of best practice where relevant, possible and appropriate.

Audience and use

This report should be read by school leaders, subject leaders and teachers to inform teaching and learning and assessment preparation. The report is to be used by schools and teachers to assist in assessment design practice, in making assessment decisions and in preparing students for external assessment.

The report is publicly available to promote transparency and accountability. Students, parents, community members and other education stakeholders can learn about the assessment practices and outcomes for General subjects (including alternative sequences and Senior External Examination subjects, where relevant) and General (Extension) subjects.

Report preparation

The report includes analyses of data and other information from the processes of endorsement, confirmation and external assessment, and advice from the chief confirmer, chief endorser and chief marker, developed in consultation with and support from QCAA subject matter experts.

Subject data summary

Subject enrolments

Number of schools offering the subject: 97.

Completion of units	Unit 1	Unit 2	Units 3 and 4*
Number of students completed	2096	2185	2209

*Units 3 and 4 figure includes students who were not rated.

Units 1 and 2 results

Number of students	Satisfactory	Unsatisfactory	Not rated
Unit 1	2045	49	2
Unit 2	2120	64	1

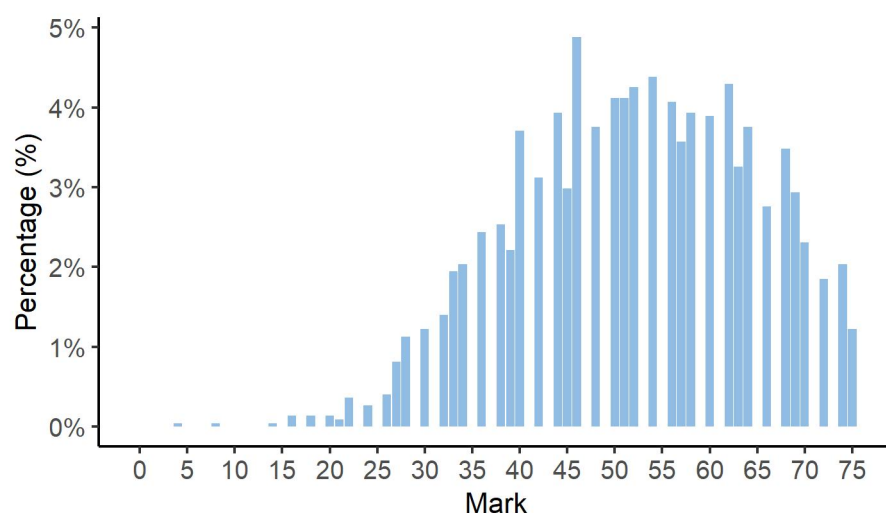
Units 3 and 4 internal assessment results

2020 COVID-19 adjustments

To support Queensland schools, teachers and students to manage learning and assessment during the evolving COVID-19 pandemic in 2020, the QCAA Board approved the removal of one internal assessment for students completing Units 3 and 4 in General and Applied subjects.

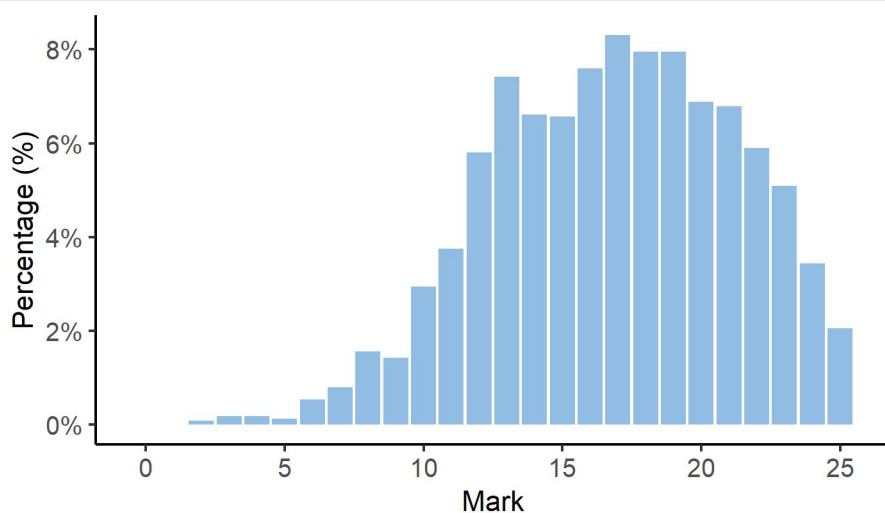
In General subjects, students completed two internal assessments and an external assessment. Schools made decisions based on QCAA advice and their school context. Therefore, across the state some instruments were completed by most schools, some completed by fewer schools and others completed by few or no schools. In the case of the latter, the data and information for these instruments has not been included.

Total results for internal assessment

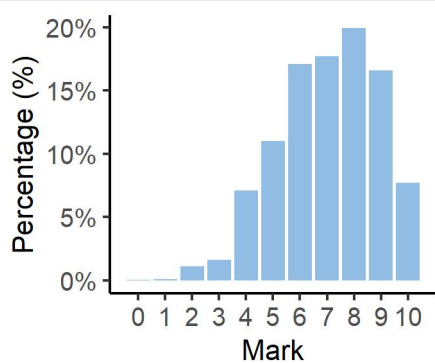


IA1 results

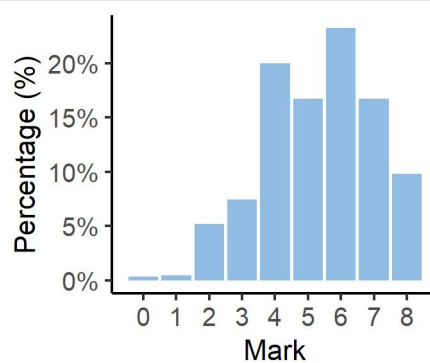
IA1 total



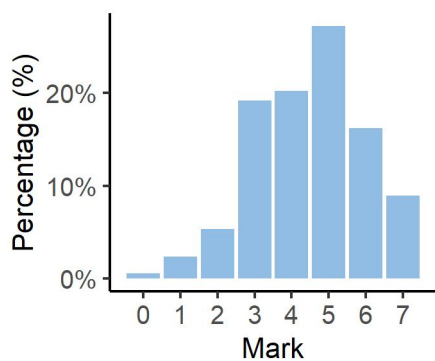
IA1 Criterion 1



IA1 Criterion 2

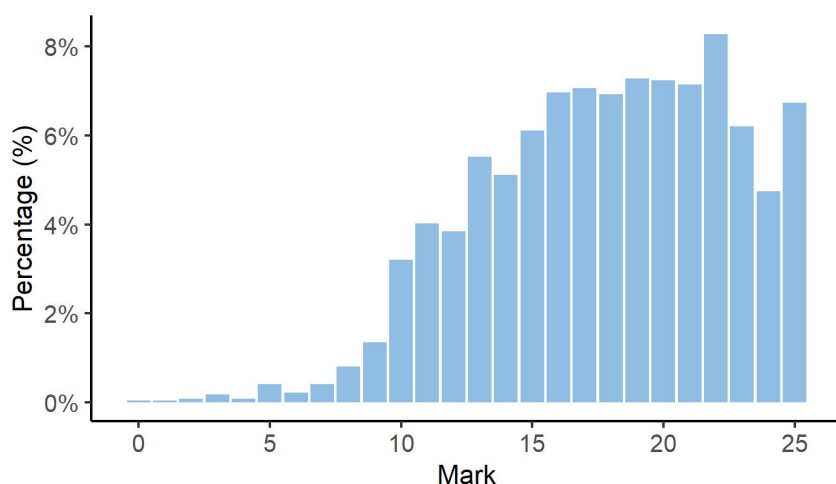


IA1 Criterion 3

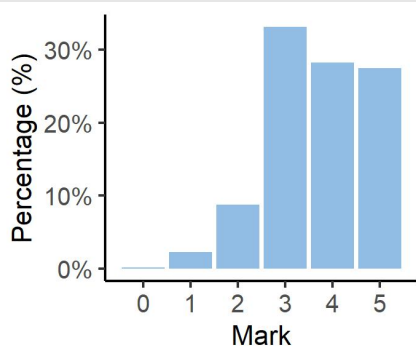


IA2 results

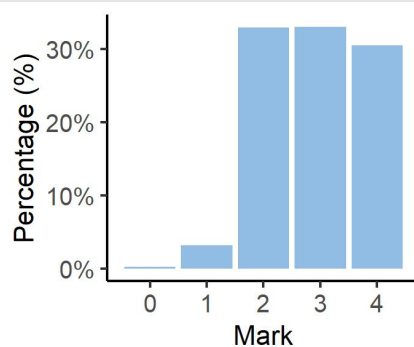
IA2 total



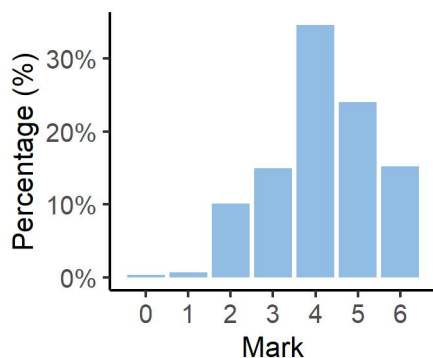
IA2 Criterion 1



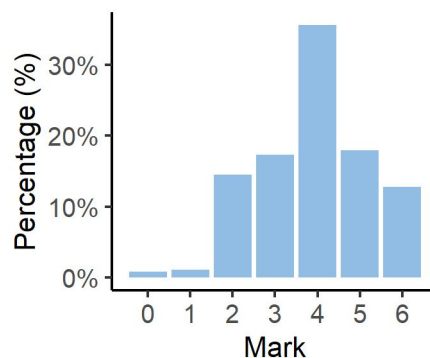
IA2 Criterion 2



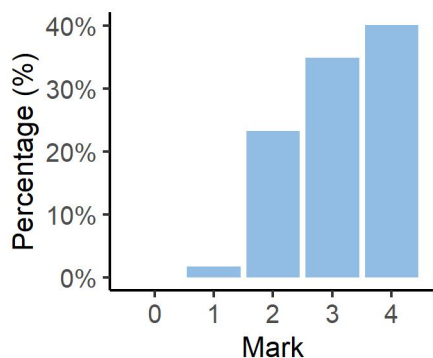
IA2 Criterion 3



IA2 Criterion 4



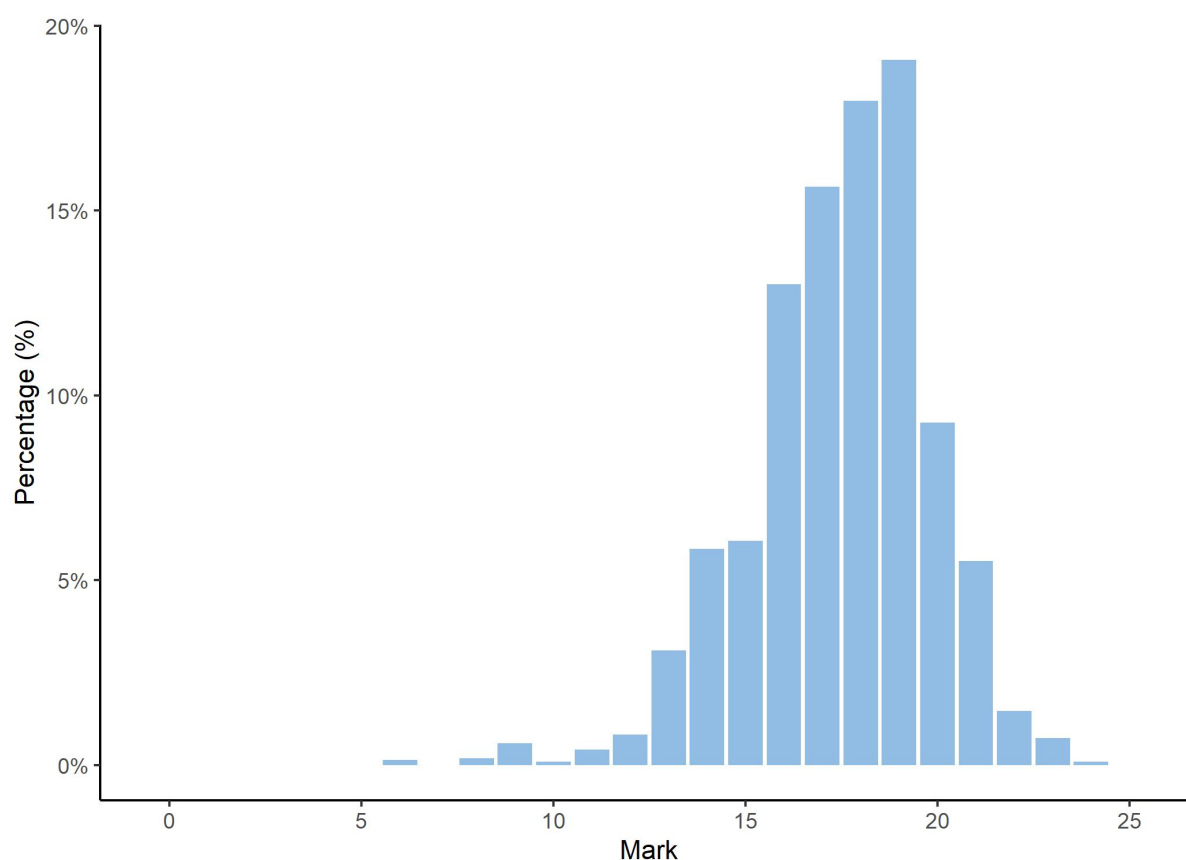
IA2 Criterion 5



IA3 results

Due to COVID-19 pandemic adjustments, no schools did IA3.

External assessment results



Final standards allocation

The number of students awarded each standard across the state are as follows.

Standard	A	B	C	D	E
Number of students	513	1050	580	47	0

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	100–82	81–62	61–42	41–19	18–0

Internal assessment

The following information and advice pertain 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 sections identifies the reasons why IA instruments were not endorsed at Application 1, by the priority for assessments. An IA may have been identified more than once for a priority for assessment, e.g. it may have demonstrated a misalignment to both subject matter and to the assessment objective. Refer to the quality assurance tools for detailed information about the assessment practices for each assessment instrument.

Total number of items endorsed in Application 1

Number of items submitted each event	IA1	IA2	IA3
Total number of instruments	97	97	97
Percentage endorsed in Application 1	35	72	33

Confirmation

Confirmation is the quality assurance process based on the attribute of reliability. Teachers make judgments about the evidence in students' responses using the instrument-specific marking guide (ISMG) to indicate the alignment of students' work with performance-level descriptors and determine a mark for each criterion. These are provisional criterion marks. The QCAA makes the final decision about student results through the confirmation processes. Data presented in the assessment decisions section identifies the level of agreement between provisional and final results.

Number of samples reviewed at initial, supplementary and extraordinary review

IA	Number of schools	Number of samples requested	Supplementary samples requested	Extraordinary review	School review	Percentage agreement with provisional
1	96	558	85	62	0	97.88
2	96	609	107	0	11	98.89

Internal assessment 1 (IA1)

Examination — combination response (25%)

In the General syllabus, the IA1 Examination — combination response assesses the comprehension of economic concepts, principles and models; the analysis of an economic issue; and the evaluation of an economic outcome relating to the global economy. The subject matter assessed focuses on exchange rates, international trade patterns and trade theories, using multiple choice items, short response items and an extended response item. The assessment is described in the Syllabus section 4.5.1.

In the Alternative Sequence, the IA1 Examination — combination response assesses the comprehension of economic concepts, principles and models; the analysis of an economic issue; and the evaluation of an economic outcome. The subject matter assessed focuses on the Australia economy and market forces, using multiple choice items, short response items and an extended response item. The assessment is described in the Alternative Sequence section 4.7.1.

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 practices

Validity priority	Number of times priority was identified in decisions*
Alignment	54
Authentication	0
Authenticity	3
Item construction	16
Scope and scale	19

*Total number of submissions: 97. Each priority might contain up to four assessment practices.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that featured:

- in Part A
 - items aligned to both the application of economic concepts, principles and models, and also the identification of essential features of the subject matter
 - items using a range of appropriate cognitions, e.g. describe, explain, draw and calculate. When data and economic information are not provided, these cognitive verbs elicit retrieval and comprehension
 - multiple choice items constructed to cover a breadth of subject matter, with stems that contained only relevant information, only one key and plausible options

- in Part B
 - the limit of one economic criterion when evaluating to manage the scale of the item. Examples of an appropriate economic criterion in tasks included economic growth, employment and efficiency
 - a variety of stimulus that assist in setting the scope and scale of the item, e.g. different types of graphs, diagrams and text extracts. When the stimulus material is text heavy, opportunities for students to show the interpretation of patterns and trends may be limited.

Practices to strengthen

It is recommended that assessment instruments:

- use the subject matter from Unit 3 Topic 1 (Syllabus section 4.3), not from Unit 3 Topic 2
- use a variety of questions and/or command style short response items, e.g. avoid starting all questions with 'explain'
- comprise short response items of an appropriate scale by not including too many components in each item
- use cognitive verbs that align in meaning to the explanations of the syllabus objectives and the glossary terms. For example, the use of 'discuss' is not effectively aligned to the assessment objective 'comprehend', and the use of 'consider' in Part B items is not effectively aligned to the assessment objective 'evaluate'
- consist of 5–8 short responses that are each not less than 50 words or more than 100 words per item to ensure a minimum of at least 800 words and a maximum of 1000 words across the examination
- use a range of items to provide a suitable coverage of Topic 1, e.g. avoid asking for an explanation of an appreciation of exchange rates, and then the converse, a depreciation of exchange rates
- contain stimulus material to elicit evaluation, as well as analysis, e.g. including information relevant to possible economic criteria and perspectives. During the design phase, teachers should ensure the stimulus material chosen provides sufficient opportunities to analyse and evaluate, and then reflect on whether any stimulus material is too overt or provides direct answers
- avoid instructions that refer to the 'select' or 'create response' syllabus objectives as these are not assessed in this instrument.

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 practices

Accessibility priority	Number of times priority was identified in decisions*
Transparency	11
Language	12
Layout	10
Bias avoidance	2

*Total number of submissions: 97. Each priority might contain up to four assessment practices.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that featured:

- instructions that were clear and did not contain superfluous or ambiguous instructions
- minimal use of bold, italics and underlining for emphasis to reduce distractions
- clearly identified and legible stimulus material that ensured students were able to make use of each item of stimulus
- stimulus titles containing relevant information to support opportunities to demonstrate the analysis cognition. Full bibliographic information is not mandated as the 'select' syllabus objective is not assessed.

Practices to strengthen

It is recommended that assessment instruments:

- use clear instructions with cues that align with assessment objectives and the ISMG. For example, 'describing relationships' does not cue student responses to the ISMG, whereas 'explaining relationships' is an appropriate cue
- provide a word count guidance that matches the number of the lines in the response space. For example, if the guidance is for 80 to 100 words, allow sufficient space for 100 words
- use economic terminology that aligns to Unit 3 Topic 1, e.g. refer to comparative advantage not comparable advantage
- present stimulus material to facilitate analysis and evaluation by not being overly crowded and with some white space so that students can annotate the stimulus during planning time
- use page breaks to avoid separating an item from the response space.

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 final results

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional
1	Part A: Comprehending	98.66	1.21	0.13
2	Part B: Analysing	97.71	2.02	0.27
3	Part B: Evaluating	97.27	1.93	0.81

Effective practices

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

- in Part A
 - the response was considered holistically in depth and complexity, rather than each multiple choice contributing the same as the short response items when considering the final match to the performance-level descriptors

- in Part B
 - evidence in responses explicitly referenced the stimulus when using data and economic information to support the analysis. This is a useful tool for students to check they have used all stimulus provided. Examples of this include the use of annotations such as ‘Stimulus 1’, Source 1 or ‘S1’
 - evidence for the Evaluating criterion included judgments that used the analysis and the unseen stimulus material. Responses connected the findings of the analysis to the synthesis of economic ideas and/or perspectives in support of a conclusion or decision. Examples of where reasoning was made more critical included detailed, multifaceted or interconnected justifications, or limitations or assumptions about the extent or significance of other economic factors or events that linked logically to the analysis and stimulus.

Samples of effective practices

The following is an excerpt from a response that illustrates the characteristics for the criterion at the performance level indicated. The sample may provide evidence of more than one criterion. The characteristics highlighted may not be the only time the characteristics have occurred throughout the response.

- The following sample shows the *discerning* synthesis of economic ideas and/or perspectives that support the conclusion/decision with thoughtful and astute choices. The response does not restate that GDP has increased or that unemployment has trended downwards to leave the reader to reach their own conclusion; rather, it synthesises the two indicators and uses *critical* economic reasoning to support the conclusion drawn.

Evaluating (6–7 marks)

This response demonstrates:

- discerning synthesis of economic ideas and/or perspectives to support the conclusion or decision
- perceptive conclusion drawn or decision made about exchange rates, trade patterns and/or trade theories, based on the use of relevant economic criteria
- critical economic reasoning and justification.

GDP Growth Rate and the unemployment levels within Australia are two economic criteria that can be used to evaluate the impact of the depreciating Australian versus American dollar on the Australian economy. Since 2017, the GDP growth rate has remained between the ideal growth of 2 to 3. The ABS show that in 2019, the GDP is 2.3, compared to 2.1 in 2017 (S3). Despite the slow growth, there has been no recession and has remained in a surplus which benefits the economy. Unemployment levels have also declined in accordance to the depreciation of the Australian dollar. The ABS show that since 2017, there has been a general diminishing trend, from around 5.8 in 2017 to 5.2 in 2019 (S8). This decline has occurred as there is more demand for Australian goods, meaning higher labour is required. The Australian versus American exchange rate has proved to positively impact GDP growth and ^{reduce} unemployment, as the goal of full employment being 5% is almost achieved. Overall, the depreciation of the Australian versus American dollar has had a major positive impact on the Australian economy.

Practices to strengthen

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

- in Part A teachers note that
 - an *effective* identification of the essential features at the 7–8 mark range requires more than a definition to demonstrate comprehension of the subject matter
 - *perceptive* application of economic concepts, principles and models requires responses that show insight and are discerning, at the 9–10 mark range
 - both the essential features of Topic 1 *and* the application of economic concepts, principles and models contribute to the Comprehending criterion
 - performance across the multiple choice and short response contribute to the Comprehending criterion. For example, responses that do not get all multiple-choice questions correct might still achieve the upper performance level
- in Part B
 - teachers discriminate between responses that *describe* a pattern or trend (1–2 mark range) and those that *interpret* a pattern or trend (3–4 mark range) where the response draws meaning from or gives meaning to a pattern or trend
 - when making judgments for Evaluating, responses at the upper performance level demonstrate *discerning* synthesis of economic ideas and/or perspectives to support a conclusion/decision, that is, using thoughtful and astute choices. At times, what was more evident was the match to *effective* synthesis (successful in producing the intended result) that matched the 4–5 mark range. Responses should use the knowledge created from the analysis to form the judgment. This is seen when there is a clear connection between the findings from the analysis and the evaluation, and an avoidance of mechanical or learned repetition of information. This necessary connection is explicit in the explanation of the ‘evaluate’ syllabus objective (Syllabus section 1.2.1).

Internal assessment 2 (IA2)

Investigation — research report (25%)

The IA2 Investigation requires students to research a contemporary international economic issue through collection, analysis and synthesis of primary and secondary data, information and sources. Research practices include locating and using information beyond students' own knowledge and the data they have been given. The research report allows students to employ their information & communication technologies (ICT) skills in an assessment context.

In the General syllabus, the subject matter assessed is focused on international economic issues associated with trade protection, trade agreements and the balance of payments. The assessment is described in the Syllabus section 4.5.2.

In the Alternative Sequence, the subject matter assessed focuses on market failure and consequences, and market concentration issues. The assessment is described in the Alternative Sequence section 4.7.2.

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 practices

Validity priority	Number of times priority was identified in decisions*
Alignment	8
Authentication	2
Authenticity	9
Item construction	7
Scope and scale	5

*Total number of submissions: 97. Each priority might contain up to four assessment practices.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that featured:

- items that commenced with the analysis and evaluation commands to effectively communicate what students were required to do within the task, and to focus attention on the higher order processes
- instructions that managed the scale of the analysis, e.g. one or two free trade agreements, one trade policy or two key trade partners. This included advice for a specific time period or quantity of elements to focus on
- a degree of student choice in the focus of the economic issue, e.g. different key trade partners, trade policy with different countries or trade agreements.

Practices to strengthen

It is recommended that assessment instruments:

- include appropriate cues that align to the assessment objectives and the ISMGs. For example, avoid the use of adopt, explore, suggest or prompts to give an opinion. Teachers should review the explanations of the syllabus objectives (Syllabus section 1.2.1)
- avoid providing stimulus within the task as this offers information that reduces opportunities for responses to demonstrate the Selecting criterion
- limit the scaffolding (if any) within the task, so that it is appropriate for a summative assessment and does not reduce the integrity of student authorship. For example, avoid listing the title and order of report headings as this is assessed in the Creating a response criterion
- provide instructions about the number of economic criteria to be used in an evaluation to ensure the task can be completed within the assessment conditions of 1500 to 2000 words.

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 practices

Accessibility priority	Number of times priority was identified in decisions*
Transparency	6
Language	0
Layout	0
Bias avoidance	0

*Total number of submissions: 97. Each priority might contain up to four assessment practices.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that featured:

- clear and unambiguous task instructions, e.g. information in the task instructions that did not contradict information that was provided in another section of the instrument
- clear layout of task instructions, e.g. judicious use of bullet points to set out elements of the task.

Practices to strengthen

It is recommended that assessment instruments:

- avoid the repetition of information that is available elsewhere in the task
- contain succinct task instructions that are not overly complex and do not include unnecessary context or task information
- include the most relevant strategies for authentication, as too many strategies can distract student attention from the task instructions.

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 final results

Criterion number	Criterion name	Percentage agreement with provisional	Percentage less than provisional	Percentage greater than provisional
1	Comprehending	99.37	0.50	0.14
2	Selecting	99.41	0.45	0.14
3	Analysing	97.96	1.90	0.14
4	Evaluating	98.14	1.76	0.09
5	Creating a response	99.55	0.32	0.14

Effective practices

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

- judgments were made about the documentation of research at all performance levels in the Selecting criterion
- judgments distinguished between evidence of *discerning* interpretation of patterns and trends in data and economic information and *effective* interpretation or *superficial* description of patterns and trends in data and economic information in the Analysing criterion
- judgments about economic models used and applied matched astute annotations and/or manipulation as evidence of discerningly emphasising essential features, or to show insight when giving meaning to patterns, trends or relationships, or to show a discriminating synthesis of economic ideas to support a conclusion or decision
- responses with orphaned diagrams, tables and charts and vague references to data or economic information were matched to the descriptor 'narrow or inconsistent use of data and economic information to support the analysis' in the Analysing criterion
- judgments are made about the features of a report genre at all performance levels in the Creating a response criterion.

Samples of effective practices

The following are excerpts from responses that illustrate the characteristics for the criterion at the performance level indicated. The samples may provide evidence of more than one criterion. The characteristics highlighted may not be the only time the characteristics have occurred throughout the responses.

The following sample demonstrates *discerning* analytical linkages in the explanation of international trade relationships following the elimination of tariffs on the trade in gold between Australia and Singapore.

Analysing (5–6 marks)

This response demonstrates:

- discerning explanation of international trade relationships

The SAFTA allowed for the elimination of tariffs on Australian exports/imports to/from Singapore, allowing for cheaper and more efficient trading of goods between the countries. In theory, this leads to an increased demand for exported and imported goods unless they are price inelastic. Since Australia has an abundance of gold and Singapore is now demanding more of it due to the elimination of tariffs, Australia can export a greater amount of gold. This greatly benefits the Australian mining industry because exporting goods is an overall injection into the economy when taking the circular flow model into account. This is also outlined in *Figure 1* which illustrates that there is a greater volume of Gold exports than Gold imports, which is a trade surplus.

The following sample demonstrates *perceptive* insight regarding the international trade relationships involved with tariff removal in the context of the China–Australia Free Trade Agreement.

Analysing (5–6 marks)

This response demonstrates:

- discerning interpretation of patterns and trends in trade protection, trade agreements and/or balance of payment data and economic information
- discerning explanation of international trade relationships
- perceptive use of data and economic information to support the analysis

With Australian commodities approaching a duty-free state with the entry of ChAFTA, the demand for these products have risen and industries are working to increase production rates to meet the demands of domestic and Chinese consumers. Figure 4 shows a slow, unsteady growth in exports prior to 2015 until a faster rate of growth occurred after ChAFTA entered into force where exports rose to over \$14,000,000 in value. Tariff reductions, increased industry returns and cheaper production costs have all encouraged Australian industries to invest in improving productivity and net exports. The dips in the trends are not due to ChAFTA's performance but by the 2017/18 droughts and the US-China trade war where competition in international markets became overwhelming for domestic industries.

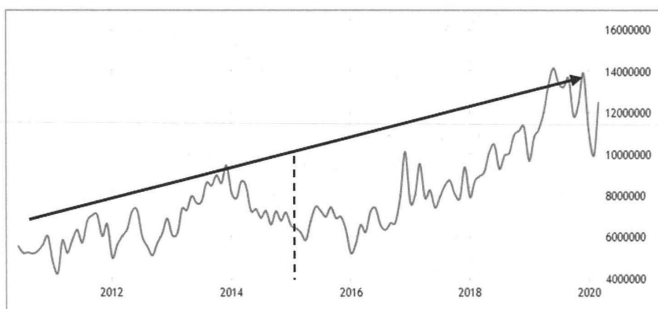


Figure 3 Australian Value of Exports to China

(Australian Government, 2020)

The following sample uses two clearly defined economic criteria (competitiveness and investment) to make a *perceptive* decision about the overall effectiveness of the China–Australia Free Trade Agreement. This excerpt is also noteworthy for its *perceptive* synthesis of economic ideas and perspectives that support and strengthen the decision made.

Evaluating (5–6 marks)

This response demonstrates:

- discerning synthesis of economic ideas and perspectives to support the conclusion or decision
- perceptive conclusion drawn or decision made about trade protection, trade agreements and/or the balance of payments, based on the use of relevant economic criteria

Tariff reductions have increased the competitiveness of Australian commodities and has attracted more demand from Chinese consumers (Figure 6) due to the increased economies of scale. Although export volumes have increased substantially due to preferential treatment from China, industry income has declined by around 42% in 2018 to \$93,000 due to increased competition for scarce supplies and the impact of the recent droughts. Consequently, despite the expected employment opportunities from ChAFTA, employment rates have remained consistent as Australia exploits capital-intensive production instead of manual labour. However, due to technology use, Chinese demand and tariff cuts, the dairy industry has profited overall, thus benefiting the consumer and foreign sector through trade.

	<p>Investment is another promise of ChAFTA for both China and Australia. “Australia is a natural pasture” in that Australian land is more suitable for dairy production, so much that China’s investment in the Australian dairy industry rose by \$60 billion from \$6 billion a decade ago (Australian Government , 2019). Australia attracts a large quantity of foreign investment due to its growing economy, highly skilled workforce, strong international relationships and its growing network of FTAs which increase the value and production of commodities. ChAFTA promises to increase Chinese foreign investment in Australian dairy, thus a rise in employment opportunities, increased entry to global supply chains and access to new technology can be expected. This will increase competition, encourage innovation and productivity, and stimulate economic growth for Australia overall.</p>
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Practices to strengthen

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

- responses should express student’s own analysis and reasoning in their own words. The use of longer quotations, even from authoritative sources, do not provide evidence of an *adequate* interpretation or explanation within a response
- teachers note that a *perceptive* conclusion or decision is based on the deliberate and purposeful use of economic criteria. At the upper and mid performance levels, evaluation decisions should use relevant economic criteria as a lens through which decisions were made or conclusions were reached. In some instances, the economic criteria used were not relevant and would not match the descriptors of *effective* or *perceptive* decisions/conclusions.

Additional advice

Promote and model the processes of filtering, locating and selecting a range and variety of sources to develop research practices that are the foundation of this technique.

Internal assessment 3 (IA3)

Examination — extended response to stimulus (25%)

The IA3 Examination — extended response to stimulus assesses the full range of assessment objectives. In the General syllabus and the Alternative Sequence, the subject matter assessed focuses on macroeconomic objectives and theory. Students respond, in an analytical essay response, to an unseen question and a series of seen and unseen stimulus material that is provided to them. The assessment is described in the Syllabus section 5.5.1 and the Alternative Sequence section 5.5.1.

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 practices

Validity priority	Number of times priority was identified in decisions*
Alignment	41
Authentication	0
Authenticity	4
Item construction	13
Scope and scale	17

*Total number of submissions: 97. Each priority might contain up to four assessment practices.

Effective practices

Validity priorities were effectively demonstrated in assessment instruments that featured:

- effective instructions starting with a direction of what to do, then finished with the direction for how to complete the task. For example, the task instruction starts with the higher order cognitive verb instructions of 'analyse' and 'evaluate'. The direction for how to respond (analytical essay) was at the end of the task instruction
- seen and unseen stimulus material, both of a suitable scale. For example, unseen stimulus that was approximately two A4 pages single-sided, with a range of text and visual stimulus, was generally of sufficient scale for students to engage with during planning time
- guidance regarding the number of economic criteria to use in evaluation in order to manage the scale of the task, e.g. use two criteria to draw the conclusion or make the decision
- a specific time frame for analysis, e.g. over the last year or five years, or a specified period such as 2016 to 2019.

Practices to strengthen

It is recommended that assessment instruments:

- align the task and stimulus items to the subject matter of Unit 4 Topic 1, not Topic 2 (Syllabus section 5.3). For example, avoid references to the Reserve Bank of Australia's impact on internal stability
- include cues that align to the assessment objectives and the ISMG. For example, an instruction to 'interpret' does not include all components of the 'analysis' objective
- provide stimulus material with sufficient data and information to enable both analysis and evaluation within the time limit and word length of the examination. In particular, the inclusion of components to allow the synthesis of perspectives and information about a range of economic criteria
- include information that is critical to the item within the unseen stimulus, so that students cannot write pre-prepared responses
- provide succinct task instructions and only include relevant information by avoiding prompts that are not appropriate to the technique of an examination.

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 practices

Accessibility priority	Number of times priority was identified in decisions*
Bias avoidance	9
Language	5
Layout	5
Transparency	13

*Total number of submissions: 97. Each priority might contain up to four assessment practices.

Effective practices

Accessibility priorities were effectively demonstrated in assessment instruments that featured:

- clear instructions that used cues that direct students to the IA3 subject matter, assessable objectives and ISMG, e.g. to 'analyse the Australian Government's ...'

Practices to strengthen

It is recommended that assessment instruments:

- avoid repeated instructions that do not add any new information
- contain clearly and appropriately labelled and numbered stimulus to cue students to the 'select' assessment objective
- present stimulus materials that are readable, clear in layout, and not distorted in their presentation.

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.

As a result of QCAA adjustments due to the COVID-19 pandemic, this assessment instrument was not administered by schools in 2020.

External assessment

Examination — combination response (25%)

Assessment design

Assessment specifications and conditions

Specifications

The examination includes a combination of multiple-choice, short-response and extended-response items relating to Unit 4, Topic 2: Economic management.

Students respond to:

- multiple-choice and short-response items. Responses may take the form of diagrams and graphs, sentences and/or paragraphs as required by each item
- unseen stimulus for one extended-response item which assesses analysis and evaluation objectives. The stimulus will include text and/or visual stimulus.

Conditions

- Time: 2 hours plus 15 minutes planning time.
- Length:
 - multiple-choice items
 - short-response items — 50–250 words per item
 - extended-response item — 400–600 words
 - examination in its entirety — 800–1000 words.
- Rulers free from markings other than measurement indicators are permitted.
- Non-programmable calculator permitted.

Questions were derived from the context of Unit 4 Topic 2: Economic management. The assessment required students to demonstrate their understanding of policy choices made by the Australian government in response to data and information about the current level of economic activity. The policy choices were contextualised in demand management and supply side economic ideas and perspectives. This assessment was used to determine student achievement in the following assessment objectives:

1. comprehend economic concepts, principles and models of economic management
3. analyse an economic issue that involves economic management
4. evaluate an economic outcome relevant to economic management.

Note: Objectives 2 and 5 are not assessed in this instrument.

The stimulus material was related to a current economic issue within Australia that requires economic management. Eight unseen stimulus items presented a range of specific data and economic information including graphs, visual stimulus and excerpts from media and government sources relating to the economic context and issue. The stimulus material was designed to elicit unique responses to short-response items and an extended-response item through the application of a range of cognitions that align to the assessment objectives.

Section 1 consisted of 10 multiple choice questions.

Section 2 was three short response questions.

Section 3 was one extended response question.

Assessment decisions

Overall, students responded well to the following assessment aspects:

- comprehending and applying economic concepts, principles and models in a range of contexts and economic situations, representing both real and hypothetical scenarios
- analysing by interpreting patterns and trends, and explaining economic relationships using unseen stimulus composed of a variety of data and economic information
- using specific data and details about the extent or scope of patterns, trends and relationships to support an interpretation, and that connected to the conclusion and reasoning
- evaluating analytical findings to draw conclusions using economic criteria and supported by economic reasoning and the synthesis of economic ideas and perspectives.

Effective practices

The following samples were selected to illustrate highly effective student responses in some of the assessment objectives of the syllabus.

Multiple choice item response

Criterion: Comprehending

Item: Question 9

This question required students to consider the following data:

- employment in public administration and education had risen by 2.5 percentage points
- employment in recreation and retail had fallen by 2.3 percentage points.

Students were required to correctly identify the economic problem and the response required.

Effective student responses understood the difference between structural and cyclical unemployment, and that each requires a different economic management policy response.

Option	Validity statements
A	Resources are underutilised so fiscal policy should be contractionary. Incorrect. Resource underutilisation is not supported by the first data statement.
B	Total unemployment has fallen so demand management should be neutral. Incorrect. The impact on total unemployment is not able to be deduced from the data statements without further information.
C	Cyclical economic activity is slowing so monetary policy should be expansionary. Correct. Recreation and retail are economic indicators of cyclical economic activity used to support demand management policy choices.
D	Structural employment has decreased so aggregate supply policies should be used. Incorrect. Public administration and education are components of structural employment which have increased, therefore aggregate supply policies are not required.

Short response

Criterion: Analysing

Item: Question 12

This question required students to analyse data and economic information to explain the impact on the household sector of a 75 basis point cash rate decrease from the current cash rate (*ceteris paribus*). Students needed to provide two reasons to justify their answer.

Effective student responses:

- identified the trend in economic indicators and made a valid inference about the trends
- calculated the proportionate change in a key economic indicator
- explained the impact of a significant fall in the cash rate in the economic situation inferred from the data provided.

Student samples of effective responses

This excerpt has been included to:

- illustrate a high-level response when analysing data and economic information to interpret the economic situation prior to a change in the cash rate
- demonstrate a comprehensive analysis by interpreting current trends of two datasets, based on a discerning use of the most recent and relevant data, and without being distracted by less relevant longer-term trends within the period of data provided. The response includes a statement noting specific data that did not accord with the interpretation, which perceptively communicated that the data was considered and not ignored. From this interpretation, inferences were required about the expansionary or contractionary state of the economy.

Analysing	<p style="text-align: right;"><i>decrease in cash rate, and would benefit from a)</i></p> <p>The provided data and economic information suggests Australia is entering a contractionary period, especially for the household sector. The The economy displays evidence of falling consumer expenditure, especially in the last year (Year 4 to Year 5). Since Year 4, consumer confidence has fallen from approximately -10 to -16 on the index, reflecting a wider discernible decrease in consumer confidence from highs of about 6 in Year 1. This lagged consumer confidence would naturally translate to lower consumer expenditure as households grow more wary and inclined to save, reflected in the decreasing vehicle sales (an indicator of consumer expenditure) from a peak of ^{1.35 million} 1.3 million in Year 4 to approx. 1 million in Year 5. Noteworthy, the production sector has resisted these negative economic conditions, with the business confidence increasing from an index of 2 to ~7 throughout Year 4-5. These opposing forces are</p>
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This excerpt has been included to:

- illustrate a high-level response when analysing the economic issue of a fall in the cash rate, through the viewpoint of one sector of the economy
- show a thorough explanation of the economic impact on a specific sector of the economy that could be expected following a significant cut in the cash rate by the Reserve Bank of Australia. It deftly moved from the identification of effects on one sector of the economy and explained how this would flow on and specifically impact on an explicit sector, thereby satisfying the requirements of the question. It included clear signposting of each reason, using literacy techniques that clearly communicate the main points.

Analysing	<p>business environment. As a result, firms would be encouraged to grow, expand and invest - exacerbated by lower debt payments - and therefore hire workers and pay higher wages - impacts that positively flow on to the household sector. Secondly, as alluded to above, lower cash rates relieve individuals to increase cash flow by lower payments, freeing up disposable income that allows households to consume and invest, increasing their living standards.</p>
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Criteria: Analysing, Evaluating

Item: Question 13

This question required students to use the scenario provided to explain two economic relationships and their economic effects. They then needed to evaluate the merit of achieving a budget surplus in their answer.

Effective student responses:

- explained economic relationships to aggregate demand pressures from low inflation indicators and external stability pressures from a fall in export receipts
- deduced the strength of economic activity based on the two datasets provided
- drew a conclusion that the economy required stimulating so there was no merit in achieving a budget surplus, providing detailed economic reasoning using an economic criterion.

Student samples of effective responses

This excerpt has been included to:

- illustrate a high-level response when analysing data and economic information to interpret the economic situation and explain economic relationships to enable the evaluation of a specific budget outcome
- demonstrate a correct approach by identifying that the important relationships emanated from the most recent data, which indicated the need for a reappraisal of the merit of a particular forecast budget outcome. Further, the response advised that the analysis and conclusion were based on ceteris paribus. This important caveat is used to convey economic meaning that the analysis and evaluation are only valid if all other variables remain unchanged from the existing forecasts or expectations.

**Analysing
and
Evaluating**

The CPI and WPI being below 2% for three years means inflation was below the target range of 2-3%. This means economic growth was low and the economy was in a downswing or recession. This is backed up by the government implementing a contractionary fiscal response of a \$4.2b ^{budget} deficit.

Coal exports are expected to fall by \$70 billion, meaning a \$70 billion leakage from the circular flow and decrease in aggregate demand. The budget deficit's government expenditure injection of \$4.2 billion still leaves the economy with a \$65.8 billion loss, ceteris parabus. This means economic growth will continue to be very low in 2022 and the recession will continue.

Hence, implementing ~~an~~ a contractionary fiscal response of a \$7.1 b surplus in 2022/23 is counterproductive and has no merit because the economy will still be in recession. This would only worsen the recession. Alternatively, the government

Extended response

Criteria: Comprehending, Analysing, Evaluating

Item: Question 14

This question required students to use the provided stimulus to evaluate whether government intervention to influence either housing demand or housing supply would be more effective in reducing housing price pressures and improving living standards.

Effective student responses:

- quantified the pattern of household financial stress in low income households and explained an economic relationship linked to the pattern
- provided a rationale for government intervention to relieve house price pressures
- provided a detailed explanation of housing *supply* pressures and used data in the explanation
- identified that government intervention in housing *supply* would be effective, provided a detailed explanation of how government intervention could improve housing supply and made a link to an economic idea
- provided a detailed explanation of housing *demand* pressures and used data in the explanation
- identified that government intervention in housing *demand* would be effective, provided a detailed explanation of how government intervention could shift housing demand and made a link to an economic idea

- drew a valid conclusion of the benefits of government intervention based on living standards, provided reasoning for the decision that included a synthesis of economic ideas, and used economic terms effectively.

Student samples of effective responses

The following excerpt has been included to:

- illustrate a high-level response when evaluating to draw a conclusion based on housing demand and supported by a synthesis of economic ideas and economic reasoning
- demonstrate a perceptive conclusion based on the use of economic criteria to evaluate and link to temporal economic ideas, which are not just stated but reasoned within the response. This response provides specific details of how the manipulation of demand forces would assist the achievement of an economic objective.

Evaluating	<p>larger greater implementation and impact time lags than than a fiscal policy initiative of subsidising regional housing to ^{lessen the} encourage demand in urban areas. Thus, over the short term it would be on less effective in promoting greater housing affordability and ^{subsequently} improving living standards as a result, ^{although} by ^{targeted} the structural changes to the housing industry over the long term would offset these initial delays for households. By By combining fiscal ^{policy} instruments of transport infrastructure with this deregulation, the costs of congestion and public transport crowding would also be minimised, hence contributing to greater living standards due to the reduced costs and commute than times. Therefore overall, a long-term targeted approach to</p>
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This excerpt has been included to:

- illustrate a high-level response when evaluating to draw a conclusion based on housing supply and supported by a synthesis of economic ideas and economic reasoning
- demonstrate a perceptive conclusion based on the use of economic criteria to evaluate and link to economic ideas related to inflationary pressures, which are not just stated but reasoned within the response. This response includes specific details of how the manipulation of supply forces would assist the achievement of an economic objective.

Evaluating

Accordingly, ~~an~~ implementing microeconomic reform of deregulating the requirements for housing approvals and, in turn, increasing the supply of housing would more effectively lower inflationary pressures and promote greater living standards in both urban and regional areas. Deregulating the licensing of construction and planning approvals would significantly reduce the "substantial delays" which are contributing to a low ~~supply~~ rate of building approvals for dwelling units and ^{and land} putting inflationary pressure on housing, due to the minimal supply of housing and extra costs incurred by developers (Stimulus 7).

Practices to strengthen

It is recommended that when preparing students for external assessment that teachers consider:

- modelling how to deconstruct questions to ascertain the key elements, the required cognition, and the sequence of main points that the question has indicated. An example is in Question 13, where some responses discussed the *likelihood* of achieving a specific budget outcome, instead of the *merit* of achieving a specific budget outcome
- providing specific teaching and learning opportunities on how to develop and elaborate responses by being specific and adding details when creating responses. For example, explain how an economic model explains a particular concept or principle, or how and why a conclusion is based specifically on an economic criterion
- facilitating sufficient time and opportunity to practise and master the skills of responding to unseen stimulus material by modelling that statements of knowledge and facts must be clearly connected to the stimulus provided — this mental process distinguishes a response to stimulus style of examination where higher order skills are assessed
- providing multiple opportunities to practise effective planning of responses because economic reasoning requires a logical sequence to support a conclusion. Reasoning is more obvious when the conclusion follows elements of analysis, and where the concluding statement is supported by evidence and links to economic ideas and perspectives
- differentiating between 'explain' and 'interpret' compared to 'identify'
 - for example, some responses identified relevant information in the stimulus but only made identifying statements that did not extend into an explanation of economic relationships
 - when analysing data and economic information, students need to know the difference between identifying a trend or pattern and interpreting a trend or pattern, that is, to make meaning from or give meaning to. In this way, students will become familiar with the associated skills of inferring and deducing that are involved in interpretation
- teaching the significance of large and small changes in cash rates. A common misconception was that a target *interest* rate existed, so was confused with the target *inflation* rate
- discussing the complexity of a fiscal policy stance — the existence of a budget surplus or deficit in one year is not sufficient information to deduce that a fiscal policy stance is either expansionary or contractionary.