

Economics marking guide and response

External assessment 2021

Combination response (60 marks)

Assessment objectives

This assessment instrument is used to determine student achievement in the following 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.

Purpose

This document consists of a marking guide and a sample response.

The marking guide:

- provides a tool for calibrating external assessment markers to ensure reliability of results
- indicates the correlation, for each question, between mark allocation and qualities at each level of the mark range
- informs schools and students about how marks are matched to qualities in student responses.

The sample response:

- demonstrates the qualities of a high-level response
- has been annotated using the marking guide.

Mark allocation

Where a response does not meet any of the descriptors for a question or a criterion, a mark of '0' will be recorded.

Where no response to a question has been made, a mark of 'N' will be recorded.

Glossary of notations

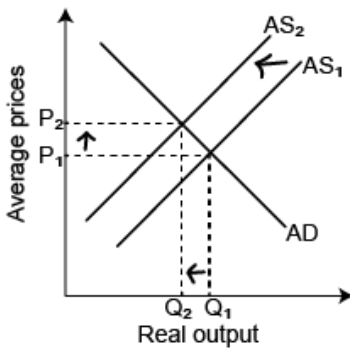
Notation	Meaning
↑	Increase or higher
↓	Decrease or lower
SME	Small and medium-sized enterprise
HH	Household
MP	Monetary policy
Y	Income

Marking guide

Multiple choice

Question	Response
1	B
2	D
3	C
4	A
5	B
6	D
7	B
8	A
9	C
10	C

Short response

Q	Sample response	The response:
11	<p data-bbox="280 287 593 311">SME production in Country A</p>  <p data-bbox="257 726 1041 1284">Between 2009 and 2019, price inflation in the Australian energy market outstripped increases in wages and the general price level. CPI and wages have steadily increased by an average of 37 index points. The rate of change of energy prices over the same period has been more dramatic, with prices more than doubling in 10 years, including a 30-point hike in one quarter of 2014. Since then prices have fluctuated within a 10-point range. The overall trend in these prices indicates a structural change in production costs for all businesses, as energy is not a discretionary cost for businesses. Small and medium-sized businesses would be under significant pressure from energy price rises. These businesses are a significant part of the Australian economy, employing almost 70% of the workforce and representing 60% of the value added to the Australian economy. As electricity costs rise, businesses cannot afford to supply the same quantity of product at the same price, so some firms may have gone out of business or reduced production. The result of this would have been a shift in the aggregate supply curve from AS₁ to AS₂ in the diagram. All things being equal, the result would be higher prices (P₂) and less gross domestic product (Q₂).</p>	<p data-bbox="1064 287 1176 311">Diagram</p> <ul data-bbox="1064 343 1680 478" style="list-style-type: none"> • accurately draws the AD/AS diagram [1 mark] • accurately includes title and axis labels [1 mark] • draws AS₂ shifted inwards and links the explanation to the diagram [1 mark] <p data-bbox="1064 502 1288 526">Trends (Source 1)</p> <ul data-bbox="1064 558 1657 766" style="list-style-type: none"> • identifies ↑ trend in energy prices in 2009–2019 [1 mark] • quantifies trend in 2014–2019 [1 mark] • quantifies one ↑ trend in CPI and wages [1 mark] • infers a relevant effect of ↑ energy prices [1 mark] • calculates a number to make meaning [1 mark] <p data-bbox="1064 805 1355 829">Effect (Sources 2 and 3)</p> <ul data-bbox="1064 861 1680 1037" style="list-style-type: none"> • explains an effect of ↑ energy prices on SME employment [1 mark] • includes relevant details in the explanation [1 mark] • uses data from Source 2 in the explanation [1 mark] • uses data from Source 3 in the explanation [1 mark]

Q	Sample response	The response:	The response:	M	The response:	M
12	<p>The data identifies the economic issue of Australia's electricity prices becoming less affordable over time, which is a problem for the living standards of all Australians. In particular, lower income households in all states have less disposable income to absorb increasing prices (except for WA with no data provided). These households pay 30–50% more on electricity than medium-income households as a percentage of disposable income. Further, Tasmanian consumers suffer the highest electricity prices in proportion to average incomes. Specifically, low-income Tasmanian households pay more than 8% of disposable income on electricity bills, compared with 3.5% in the ACT.</p> <p>The broad objective of monetary policy to support the economic welfare and prosperity of Australians indicates the policy lever is not effective to ease electricity price inflation pressures in this situation.</p> <p>Monetary policy is a blunt economic tool, because cash rate movements cannot be targeted to improve the standard of living of those who are suffering most from electricity price increases. It also has an effectiveness lag, as cash rates tend to influence economic activity in the medium term — not immediately when assistance is needed — because they are dependent on banks passing on cash rate movements. Finally, at current low rates of 1%, it is unlikely that lowering cash rates further would improve the economic welfare or prosperity of those in need, because interest rates are so low as to be ineffective.</p>	<p>Issue</p> <ul style="list-style-type: none"> describes the economic issue that electricity prices are less affordable over time (s5) [1 mark] identifies a relevant reason for the economic issue being important [1 mark] quantifies the pattern/trend of ↑ electricity prices linking to <ul style="list-style-type: none"> disposable Y of low-income HH (s4) [1 mark] Tasmanian HH (s4) [1 mark] interprets an identified pattern/trend [1 mark] calculates a number to make meaning [1 mark] 	<p>Decision</p> <ul style="list-style-type: none"> makes a valid decision about the effectiveness of MP (s4) uses economic prosperity as a criterion to support the decision 	3	<p>Reasoning</p> <ul style="list-style-type: none"> effectively uses economic reasoning to support the decision effectively synthesises an economic idea and links to a perspective 	4
			<ul style="list-style-type: none"> makes a valid decision about the effectiveness of MP identifies a link to economic prosperity 	2	<ul style="list-style-type: none"> uses economic reasoning to support the decision links to an economic idea and a perspective 	3
			<ul style="list-style-type: none"> makes a plausible decision about the effectiveness of MP 	1	<ul style="list-style-type: none"> uses a plausible economic reason links to an economic idea and a perspective 	2
			<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> identifies a plausible economic reason 	1
					<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0

Extended response — Question 13

Analysing (13 marks)

The response:	The response:	M	The response:	M
Problem	Age (Source 8)		Consumption (Source 9)	
<ul style="list-style-type: none"> describes the economic problem (s11) [1 mark] identifies a rationale for government intervention [1 mark] provides a reason to support the rationale [1 mark] calculates a number to make meaning [1 mark] 	<ul style="list-style-type: none"> quantifies the projected ↑ in both trends effectively provides a detailed interpretation of both trends 	5	<ul style="list-style-type: none"> quantifies the pattern of income and consumption effectively provides a detailed interpretation of the pattern 	4
	<ul style="list-style-type: none"> quantifies the projected ↑ in both trends interprets a relationship to both trends 	4	<ul style="list-style-type: none"> quantifies the pattern interprets a relationship to the pattern 	3
	<ul style="list-style-type: none"> quantifies the projected ↑ in both trends interprets a relationship relevant to a trend 	3	<ul style="list-style-type: none"> identifies the pattern interprets a relationship to the pattern 	2
	<ul style="list-style-type: none"> identifies the projected ↑ in a trend interprets a relationship relevant to a trend 	2	<ul style="list-style-type: none"> identifies the pattern 	1
	<ul style="list-style-type: none"> identifies the projected ↑ in a trend 	1	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0
	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0		

Evaluating (12 marks)

The response:	M	The response:	M	The response:	M
Savings		Labour		Conclusion	
<ul style="list-style-type: none"> explains the efficacy of targeting HH savings effectively uses economic reasoning and data to discuss the policy's potential 	4	<ul style="list-style-type: none"> explains the efficacy of targeting labour supply effectively uses economic reasoning and data to discuss the policy's potential 	4	<ul style="list-style-type: none"> draws a valid conclusion about which policy should be used, based on a relevant economic criterion effectively synthesises economic ideas and perspectives to support the conclusion 	4
<ul style="list-style-type: none"> explains the efficacy of targeting HH savings uses economic reasoning linked to the sources to discuss the policy's potential 	3	<ul style="list-style-type: none"> explains the efficacy of targeting labour supply uses economic reasoning linked to the sources to discuss the policy's potential 	3	<ul style="list-style-type: none"> draws a valid conclusion about which policy should be used synthesises economic ideas or perspectives to support the conclusion 	3
<ul style="list-style-type: none"> describes the efficacy of targeting HH savings uses some reasons to indicate the policy's potential 	2	<ul style="list-style-type: none"> describes the efficacy of targeting labour supply uses some reasons to indicate the policy's potential 	2	<ul style="list-style-type: none"> draws a plausible conclusion about which policy should be used uses an economic idea or perspective to support the conclusion 	2
<ul style="list-style-type: none"> uses a reason to indicate the efficacy of targeting HH savings 	1	<ul style="list-style-type: none"> uses a reason to indicate the efficacy of targeting labour supply 	1	<ul style="list-style-type: none"> draws a conclusion about which policy should be used 	1
<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0	<ul style="list-style-type: none"> does not satisfy any of the descriptors above. 	0



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