External assessment 2022

Question and response book

Economics

Time allowed

- Planning time — 15 minutes
- Working time — 120 minutes

General instructions

- Answer all questions in this question and response book.
- QCAA-approved calculator permitted.
- Planning paper will not be marked.

Section 1 (10 marks)

- 10 multiple choice questions

Section 2 (27 marks)

- 3 short response questions

Section 3 (28 marks)

- 1 extended response question

Section 1

Instructions

- Choose the best answer for Questions 1–10.
- This section has 10 questions and is worth 10 marks.
- Use a 2B pencil to fill in the A, B, C or D answer bubble completely.
- If you change your mind or make a mistake, use an eraser to remove your response and fill in the new answer bubble completely.

	A	B	C	D
Example:	●	○	○	○

	A	B	C	D
1.	○	○	○	○
2.	○	○	○	○
3.	○	○	○	○
4.	○	○	○	○
5.	○	○	○	○
6.	○	○	○	○
7.	○	○	○	○
8.	○	○	○	○
9.	○	○	○	○
10.	○	○	○	○

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Section 2

Instructions

- Write using black or blue pen.
- If you need more space for a response, use the additional pages at the back of this book.
  - On the additional pages, write the question number you are responding to.
  - Cancel any incorrect response by ruling a single diagonal line through your work.
  - Write the page number of your alternative/additional response, i.e. See page …
  - If you do not do this, your original response will be marked.
- This section has three questions and is worth 27 marks.

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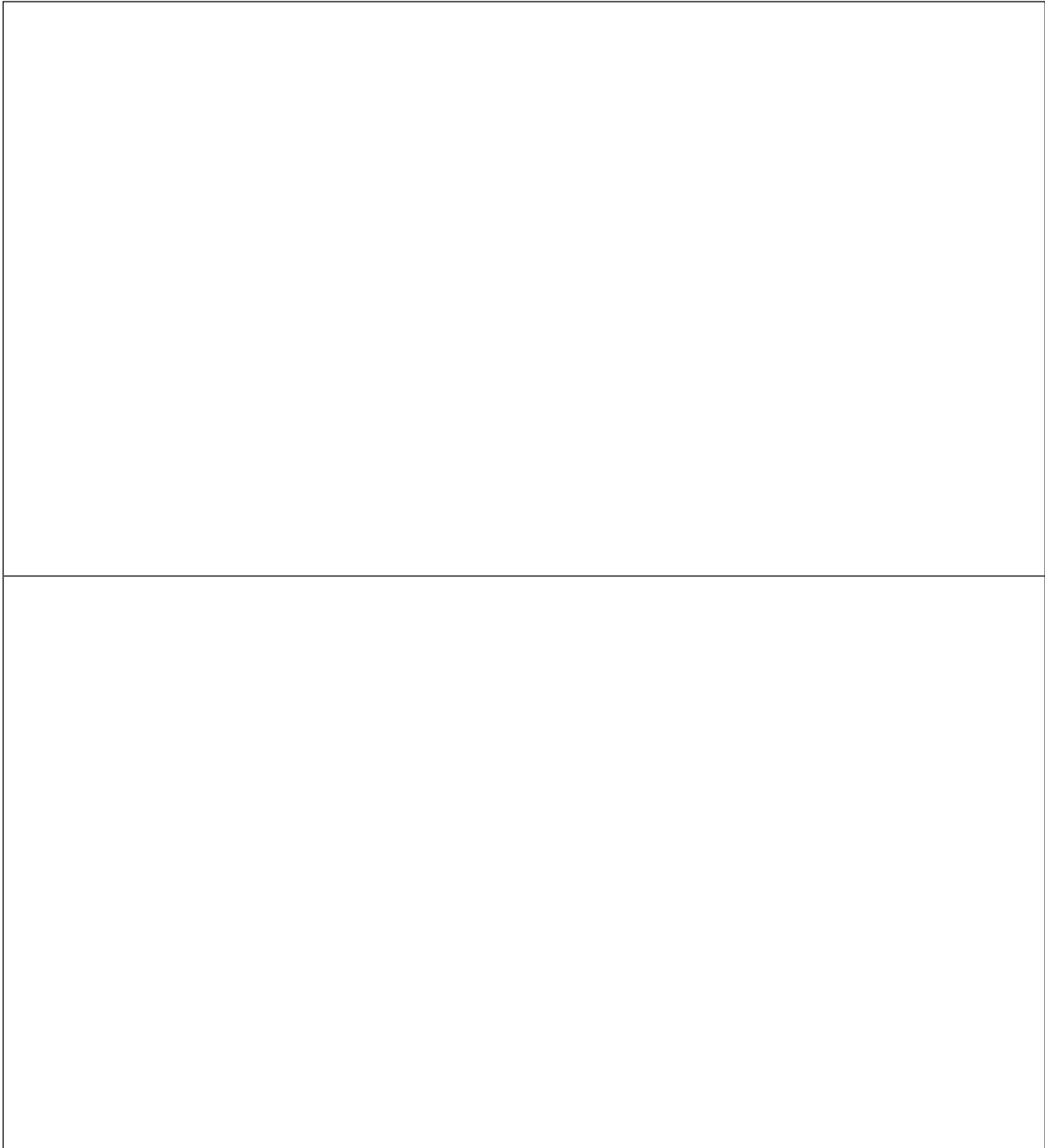
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QUESTION 11 (8 marks)

Country A is dependent on oil exports. Their major oil destination country has discovered an environmentally sustainable substitute for oil.

Explain and illustrate the effect on Country A using two different economic models.

Note: If you make a mistake in the models, cancel it by ruling a single diagonal line through your work and use the additional response space at the back of this question and response book.

QUESTION 12 (7 marks)

These measures are extracts from an Australian federal budget scenario.

1. Introduction of a temporary budget repair levy on incomes over $150 000 for three years.

2. Assistance for low-income single parents with a new allowance of $1000 per annum for each child aged 6 to 12.

3. Continuation of the move by the former government to increase the Age Pension age limit to 69 by 1 July 2023, and further increase the Age Pension age limit to 72 by 1 July 2035.

4. A temporary pause on CPI indexation of payments and programs including eligibility thresholds for Family Tax Benefit and JobSeeker; thresholds for the Medicare Levy Surcharge, Private Health Insurance Rebate and most Medicare Benefits Schedule fees; and Local Government Financial Assistance Grants.

5. A reduction in the growth of federal hospital and education funding to make the states more accountable for spending and delivery of services.

Based on the initiatives presented, explain the fiscal stance in this federal budget.
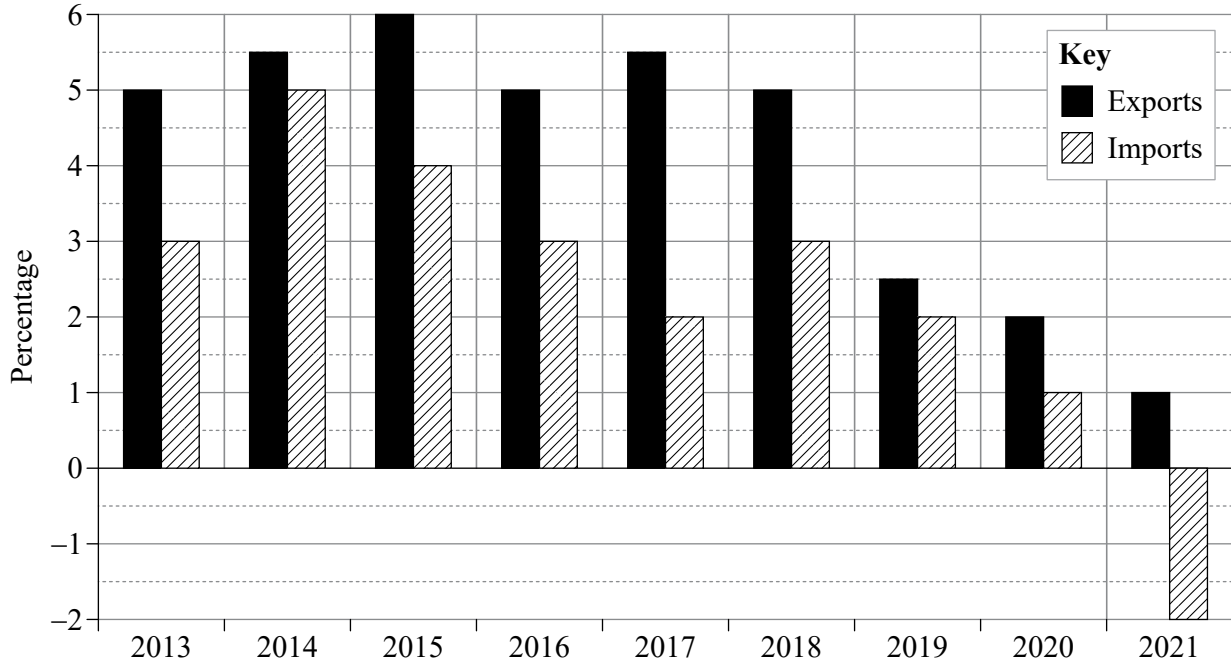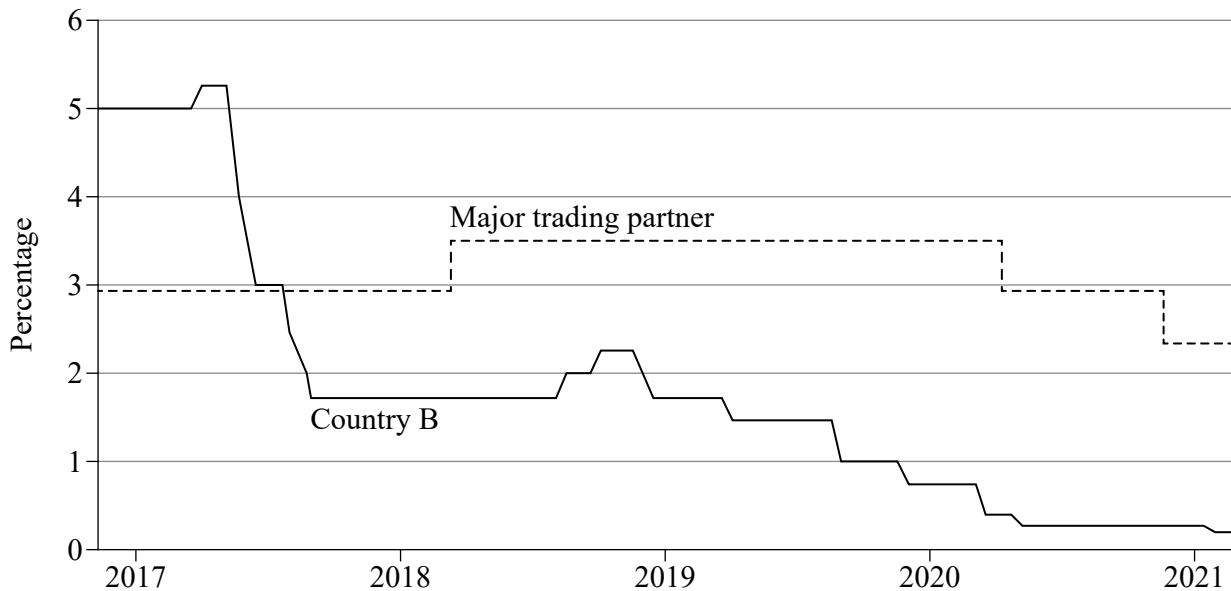
QUESTION 13 (12 marks)

The data represents a hypothetical economic situation.

Country B: Exports and imports with the major trading partner
Year-on-year percentage change in value

Central bank interest rates

Interpret the trend in Country B's trade balance to draw a conclusion about whether its own or the major trading partner's interest rates will have a greater effect on Country B's economic growth.

Assume the exchange rate of Country B is fixed.

Section 3

Instructions

- Respond in paragraphs consisting of full sentences.
- This section has one question and is worth 28 marks.
- Respond in 400–600 words.

QUESTION 14 (28 marks)

Sources 1–7 in the stimulus book present the Australian economy in a fictional setting.

Analyse Sources 1–7 to evaluate the costs and benefits of changing the monetary policy stance from the perspective of Australian households.

END OF PAPER

ADDITIONAL PAGE FOR STUDENT RESPONSES

Write the question number you are responding to.

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