

Economics 2025 v1.2

IA3: Sample assessment instrument

This sample has been compiled by the QCAA to assist and support teachers in planning and developing assessment instruments for individual school settings.

Student name	sample only
Student number	sample only
Teacher	sample only
Exam date	sample only

Marking summary

Criterion	Marks allocated	Provisional marks
Comprehending	6	
Analysing	8	
Evaluating	7	
Creating a response	4	
Overall	25	

Conditions

Technique	Examination — extended response
Unit	Unit 4: Contemporary macroeconomics
Topic/s	Topic 1: Macroeconomic objectives and theory Topic 2: Economic indicators and past budget stances
Time	Planning time: 15 minutes Working time: 120 minutes
Seen / Unseen	Unseen question Seen and unseen stimulus
Other	<p>This is an individual supervised task.</p> <p>The examination is to be completed in one sitting.</p> <p>The teacher:</p> <ul style="list-style-type: none">• provides seen stimulus to students up to 7 calendar days before the examination• provides seen and unseen stimulus at the start of the examination in an unannotated form• does not discuss seen stimulus with students, either individually or as a class• must not allow students to practise or rehearse questions in class. <p>Students:</p> <ul style="list-style-type: none">• may use a QCAA-approved non-programmable calculator• must not bring notes or other resources into the examination.

Instructions

- Write your answer in the 'Examination Booklet' provided using only blue or black pen.
- Provided planning paper will be collected but NOT marked.

Task

Analyse and evaluate Australia's economic performance over the last five years, using two criteria to make a decision. Create your response as an analytical essay and use both seen and unseen stimulus in your response.

Instrument-specific marking guide (IA3): Examination — extended response (25%)

Comprehending	Marks
The student response has the following characteristics:	
<ul style="list-style-type: none"> comprehensive identification of the essential features of relevant macroeconomic objectives, theories, economic indicators and budget stances perceptive application of a significant range of economic concepts, principles and models precise use of economic terminology 	5–6
<ul style="list-style-type: none"> adequate identification of features of relevant macroeconomic objectives, theories, economic indicators and budget stances adequate application of a range of economic concepts, principles and/or models adequate use of economic terminology 	3–4
<ul style="list-style-type: none"> partial identification of features of relevant macroeconomic objectives, theories, economic indicators and budget stances partial application of economic concepts, principles and/or models narrow use of economic terminology. 	1–2
The student response does not satisfy any of the descriptors above.	0

Analysing	Marks
The student response has the following characteristics:	
<ul style="list-style-type: none"> discerning meaning drawn from patterns or trends relevant to the economic issue identified discerning explanation of relevant economic relationships that includes complexity perceptive selection and use of relevant seen and unseen data and information to support the analysis 	7–8
<ul style="list-style-type: none"> effective meaning drawn from patterns or trends relevant to the economic issue identified effective explanation of relevant economic relationships with some complexity effective selection and use of relevant seen and unseen data and information to support the analysis 	5–6
<ul style="list-style-type: none"> adequate meaning drawn from patterns or trends relevant to the economic issue identified adequate explanation of relevant economic relationships use of relevant seen and unseen data and information to support the analysis 	3–4
<ul style="list-style-type: none"> identification of pattern/s or trend/s about an economic issue identification of a cause or effect relationship limited use of data or information. 	1–2
The student response does not satisfy any of the descriptors above.	0

Evaluating	Marks
The student response has the following characteristics:	
<ul style="list-style-type: none"> • perceptive use of relevant economic criteria to make a decision about an economic outcome • discerning synthesis of economic ideas and perspectives derived from the analysis to support the decision • critical economic reasoning derived using reliable evidence from seen and unseen sources to justify the decision 	6–7
<ul style="list-style-type: none"> • effective use of relevant economic criteria to make a decision about an economic outcome • effective synthesis of economic ideas or perspectives derived from the analysis to support the decision • feasible economic reasoning derived using evidence from seen and unseen sources to justify the decision 	4–5
<ul style="list-style-type: none"> • reasonable decision made about an economic outcome • synthesis of economic ideas or perspectives that link to the decision • economic reasons that explain the decision 	2–3
<ul style="list-style-type: none"> • statement/s about an economic outcome • description/s of economic idea or perspective • reason/s based on opinion. 	1
The student response does not satisfy any of the descriptors above.	0

Creating a response	Marks
The student response has the following characteristics:	
<ul style="list-style-type: none"> • discerning and concise expression, sequencing and development of ideas, including an economic model/s, to enhance economic meaning • an analytical essay format used, with perceptive choices of vocabulary and minimal errors in grammar, punctuation and spelling • consistent and accurate identification of sources used 	3–4
<ul style="list-style-type: none"> • sequencing and development of ideas to convey economic meaning • a basic analytical essay used and some errors in grammar, punctuation and spelling • identification of some sources used. 	1–2
The student response does not satisfy any of the descriptors above.	0

Stimulus

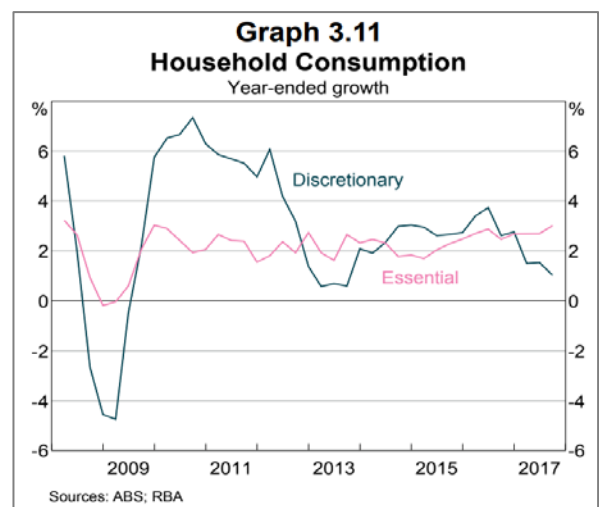
Source 1 (seen)

Three graphs from the Reserve Bank of Australia

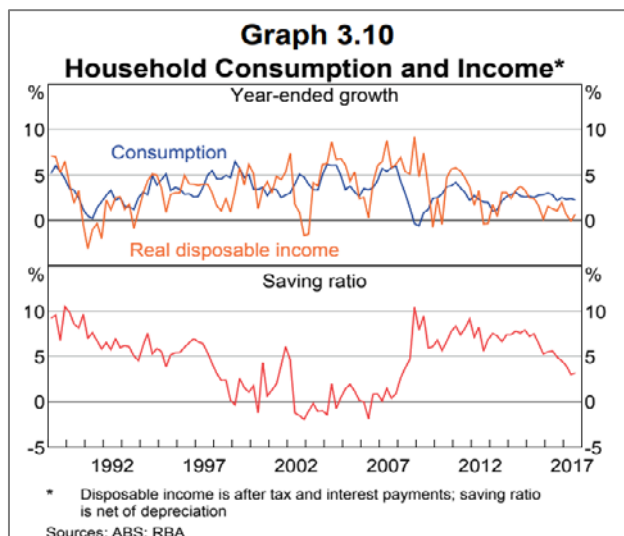
Source: 1A



Source: 1B



Source: 1C



References

Source 1A: Reserve Bank of Australia 2018, 'Chart Pack: Factors of Production and Labour Market', *Reserve Bank of Australia*, www.rba.gov.au/chart-pack/factors-prod-labour-mkt.html.

Source 1B: Reserve Bank of Australia 2018, 'Graph 3.11: Household consumption', *Statement on monetary policy*, p. 31, www.rba.gov.au/publications/smp/2018/feb/pdf/statement-on-monetary-policy-2018-02.pdf.

Source 1C: Reserve Bank of Australia 2018, 'Graph 3.10: Household consumption and income', *Statement on monetary policy*, p. 31, www.rba.gov.au/publications/smp/2018/feb/pdf/statement-on-monetary-policy-2018-02.pdf.

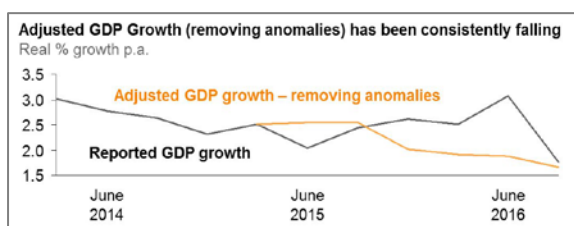
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Source 2 (seen)

Excerpt from article 'Today's GDP result shows it's time for Australians to embrace stronger fiscal policies'

GDP data released today shows the Australian economy grew at a disappointing -0.5% over the last quarter or 1.8% over the year. This was the largest quarterly fall in growth since the GFC in 2008.

The pessimists are out in force today saying the economy is collapsing. The optimists say this is a one-off blip that we'll bounce back from next quarter. The truth is in the middle...



This data is a wake-up call that must shake the complacency of our policymakers and cause them to change the direction of economic policy.

Australia's GDP growth in the first half of this year was too good to be true. A solid 2.8% in December 2015 lifted to a strong 3.0% in March 2016 and hit a red-hot 3.3% in June 2016.

But the devil was in the detail. The June numbers were flattered by bumper public spending (the listing of a new drug for hepatitis C and the purchase of Chinook helicopters) and the accounting implications of state government privatisations. Swings in inventories and weather-related trade impacts affected several previous quarters. Seasoned economists normally take these anomalies in their stride because GDP statistics are not an exact science and irregularities normally wash each other out.

But this time the anomalies conspired to trick Australians into thinking that GDP was booming in the first half of 2016. We unpicked each of these abnormal impacts on reported GDP growth over the past several quarters to create a view of economic growth adjusted for anomalies (orange line in the chart above) ...

... the most comprehensive measure of labour market health – the total number of hours worked in the economy – slowed down markedly in early 2016 around the same time as our adjusted GDP growth softened. Inflation also weakened at the same time...

The heart of the problem is that Australian policymakers have relied too heavily on monetary policy to stabilise the economy and, for the most part, basically ignored fiscal policy and put structural reform in the too hard basket...

For a start, monetary policy works (in part) by encouraging the private sector to take on more debt... Fiscal policy, on the other hand, works by taking on more public sector debt...

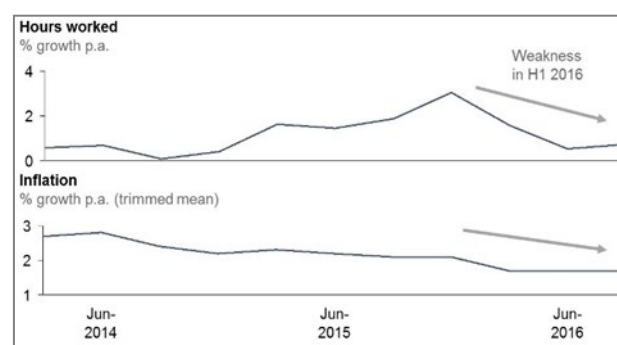
The second cost of monetary policy is its growing drag on productivity ... low rates are having the opposite effect, inducing Australians to pour their funds into existing assets like housing and equities on the hope that lower rates will increase their value. By contrast, effective fiscal policy can increase productivity through investments in infrastructure ...

The third cost of monetary policy is its impact on inequality. ... low rates have slugged younger people with higher house prices and reduced the weekly budget of older people on fixed incomes. Fiscal policy, by contrast, can be targeted ...

First, we have to take a broader view of Australia's credit rating... The best way to safeguard Australia's rating would be a balanced policy approach.

Second, we have to recognise that there is a difference between government spending on recurrent expenses and investment in assets...

Finally, we need to think of fiscal policy as more than just a means of buying votes from interest groups, or stabilising demand.



Reference

Charlton, A 2016, 'Today's GDP result shows it's time for Australians to embrace stronger fiscal policies', *Business Insider Australia*, 7 December, www.businessinsider.com.au/todays-gdp-result-shows-its-time-for-australians-to-embrace-stronger-fiscal-policies-2016-12. Used with permission

Source 3 (seen)

Newspaper cartoons responding to the 2015 Budget

Source: 3A

'Work, spend and pray' (cartoon),
Herald Sun, 13 May 2015, p. 1.

Source: 3B

'We owe, we owe, so it's ... off to work
we go' (cartoon), *The Daily Telegraph*,
13 May 2015, p. 1.

Source: 3C

'Joe's jumpstart' (cartoon),
The Courier-Mail, 13 May 2015, p. 1.

Note: QCAA does not have permission to reproduce images of these front-page newspaper cartoons. Please refer to the Mumbrella webpage to view the images. This page is provided as a guide to layout only.

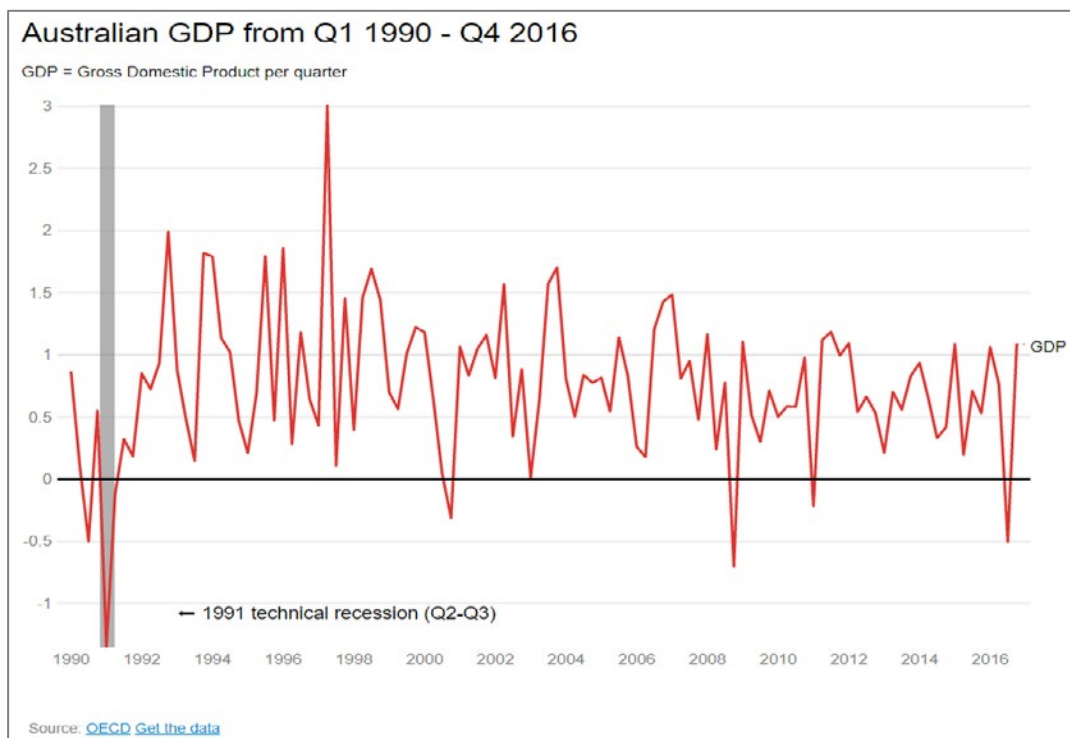
Reference

Mumbrella 2015, 'Budget 2015 in front pages, cartoons (and a government info video)', 13 May, www.mumbrella.com.au/budget-2015-in-cartoons-and-a-government-info-video-293388.

Source 4 (seen)

Excerpt from article 'There'll be no records set this week by Australian economic growth figures'

With the release of the March quarter national accounts, there have been reports the Australian economy could break the Netherlands' 'world record' for continuous growth. But there are three problems with this assertion.



It's now been 103 quarters (25 years and 9 months) since Australia last had consecutive quarters of negative growth in real gross domestic product (GDP), in the March and June quarters of 1991.

Contrary to much-repeated claims, the Netherlands didn't experience more than a quarter-century of economic growth without consecutive quarters of negative real GDP growth between the early 1980s and the global financial crisis.

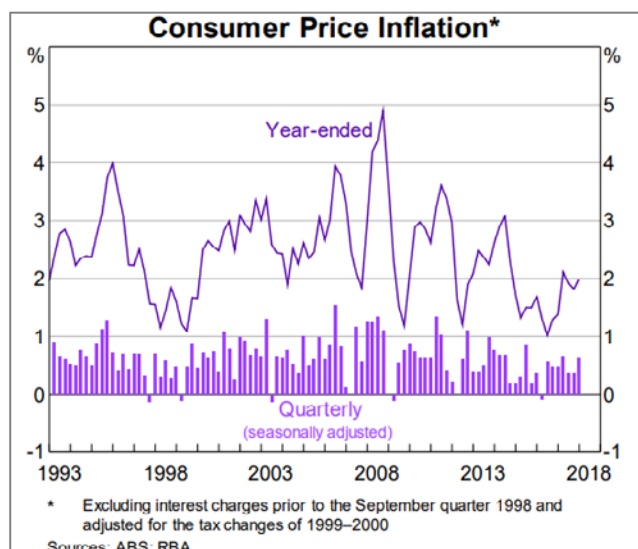
Reference

Eslake, S 2017, 'There'll be no records set this week by Australian economic growth figures', *The Conversation*, 6 June, www.theconversation.com/therell-be-no-records-set-this-week-by-australian-economic-growth-figures-78830. Used under licence Creative Commons Attribution NoDerivatives <https://creativecommons.org/licenses/by-nd/4.0/>

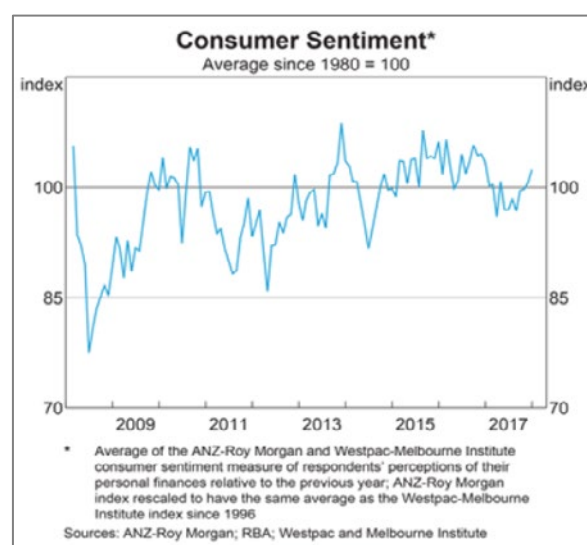
Source 5 (seen)

Four graphs from the Reserve Bank of Australia

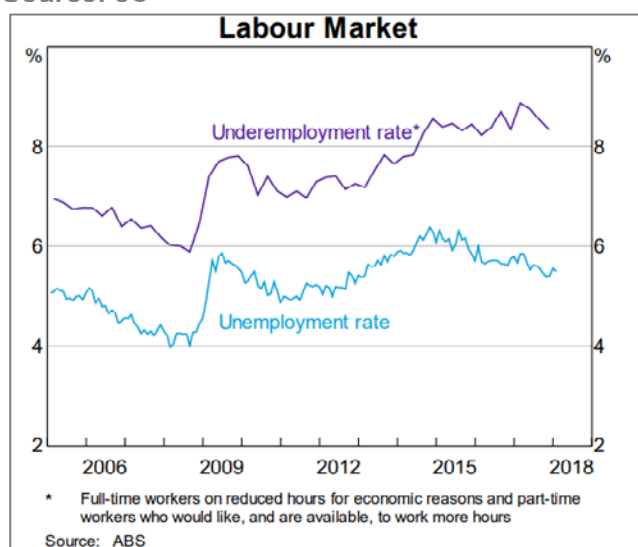
Source: 5A



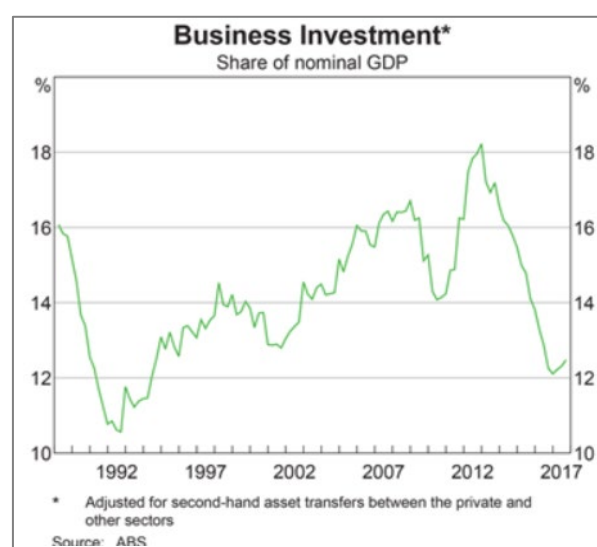
Source: 5B



Source: 5C



Source: 5D



References

Source 5A: Reserve Bank of Australia 2018, 'Consumer price inflation', *The Australian economy and financial markets: Chart pack*, p. 5, www.rba.gov.au/chart-pack/pdf/chart-pack.pdf.

Source 5B: Reserve Bank of Australia 2018, 'Consumer sentiment', *The Australian economy and financial markets: Chart pack*, p. 6, www.rba.gov.au/chart-pack/pdf/chart-pack.pdf.

Source 5C: Reserve Bank of Australia 2018, 'Labour market', *The Australian economy and financial markets: Chart pack*, p. 12, www.rba.gov.au/chart-pack/pdf/chart-pack.pdf.

Source 5D: Reserve Bank of Australia 2018, 'Business investment', *The Australian economy and financial markets: Chart pack*, p. 8, www.rba.gov.au/chart-pack/pdf/chart-pack.pdf.

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Source 6 (seen)

Excerpt from 'Australia is in a real income growth recession'

A one-paragraph excerpt and three paragraphs.

Note: QCAA does not have permission to reproduce this excerpt. Please refer to the online article, which is referenced below. This placeholder is provided as a guide to layout only.

Reference

Mitchell, H 2016, 'Australia is in a real income growth recession', *The Sydney Morning Herald*, 16 June, www.smh.com.au/business/comment-and-analysis/australia-is-in-a-real-income-growth-recession-20160616-gpkozw.html.

Source 7 (unseen)

Excerpt from 'Employment and jobs — some solutions'

Stimulating Employment

Unemployment in Australia will only be reduced when there is an increased rate of growth in the number of jobs. Higher growth in employment in turn requires a faster growth in economic activity. It follows that the main way the government can promote employment growth is by using macroeconomic policy to facilitate high rates of growth in GDP. This is the demand-side of policy.

Jeff Borland,
Professor of Economics at University of Melbourne

What does help? A decent rate of economic growth is the biggest single factor to resolve demand-induced unemployment.

David Peetz,
Professor of Employment Relations at Griffith University

Job creation options for socially useful projects, fewer public service cuts and ensure employers recruit and train locally before importing labour.

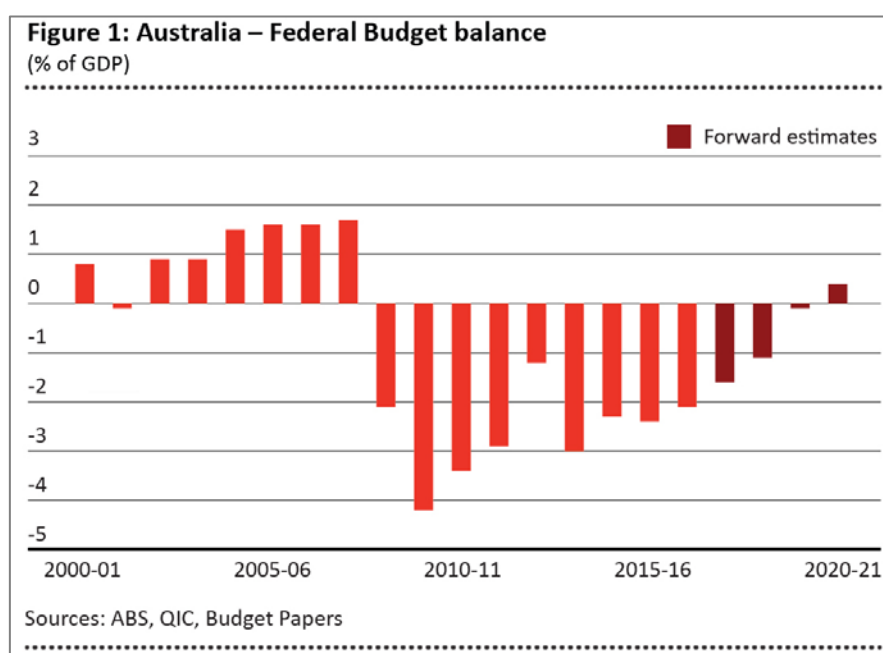
Eva Cox,
Professorial Fellow at University of Sydney

Reference

Excerpts from *The Conversation* 2016, 'Employment policy and job creation — some practical solutions', 4 August, www.theconversation.com/employment-policy-and-job-creation-some-practical-solutions-29893. Used under licence Creative Commons Attribution-NoDerivatives <https://creativecommons.org/licenses/by-nd/4.0/>

Source 8 (unseen)

Graph from 'The 2017/18 Australian Budget: Changing the fiscal landscape — an infrastructure perspective'



Reference

Queensland Investment Corporation 2017, 'The 2017/18 Australian Budget: Changing the fiscal landscape — an infrastructure perspective', QIC, www.qic.com.au/knowledge-centre/17-18-budget-infrastructure-perspective-20170517

Source 9 (unseen)

Excerpt from article 'GDP: Australia is waiting for the trickle down to start'

A one-paragraph excerpt and three graphs:

- GDP per capita growth
- growth in compensation of employees
- job advertisements.

Note: QCAA does not have permission to reproduce this excerpt. Please refer to the online article, which is referenced below. This placeholder is provided as a guide to layout only.

Reference

Murphy, J 2017, 'GDP: Australia is waiting for the trickle down to start', *News.com.au*, 8 June, www.news.com.au/finance/economy/australian-economy/gdp-australia-is-waiting-for-the-trickle-down-to-start/news-story/5302f5e596b4b28e38781b7c0d8b5e21



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