UNIT 3
This report is provided for the first year of implementation of this study and is based on the coursework audit and VCAA statistical data.

GENERAL COMMENTS
This is the first audit of the assessment tasks prepared in accordance with the new study design. Most schools have paid close attention to both the key knowledge and the key skills in the study design and have designed appropriate assessment tasks. Most of the tasks allowed students to demonstrate the highest level of performance.

For the most part the tasks assigned provided students with clear instructions and it was rare for a student to be provided with undue assistance. Most schools in the audit chose to assess each of the outcomes with a test or a number of tests. It can be argued that these are the conditions students face in the end-of-year examination so it is appropriate to assess them in this manner. However, while this argument may be valid it is recommended that students have the opportunity to complete at least one assessment using a different assessment task type so that they can exhibit their strengths in a different format.

Most of the students were not presented with the performance descriptors which appear in the assessment handbook. Nevertheless most of the tasks that were audited gave students more than adequate opportunity to meet the assessment criteria and achieve a high level of performance for the outcome. The questions that were asked in each of the tests reviewed were generally weighted appropriately and most attempted to cover all areas of key knowledge. Students are able to see how many marks apply to each question and prepare their answer accordingly.

There were a number of schools audited that did not use the information contained in the study design adequately. There have been a number of changes to the study design with regards to key knowledge and key skills and some schools did not give their students the chance to be assessed on all of these changes. In particular teachers should ensure that their assessment tasks assess each of the dot points under the key knowledge. The new study design makes this task easier as the content that must be covered is more explicit. The key skills that follow should also be assessed as these are intrinsically linked to the key knowledge. This was particularly a problem with Unit 4. It is the teacher’s responsibility to ensure that the assessment task follows the guidelines set out in the study design. It cannot be assumed that commercially prepared assessment tasks adequately cover the key knowledge and key skills that are prescribed in the study design.

SPECIFIC INFORMATION
Unit 3 Coursework
Outcome 1
Explain how markets operate to allocate scarce resources, and discuss the extent to which markets operate freely in Australia.
This can be assessed using any one or a combination of any of the following:

- a folio of applied economic exercises
- an essay
- a test
- a report.

Most schools reviewed in the audit sample chose to assess this outcome using a test. Most of the tests presented had good application questions and covered the demand and supply analysis areas in a comprehensive fashion. There were a number of tests that presented students with a similar structure to the end-of-year examination from previous years. It should be highlighted that the Microeconomics component now counts for 40 per cent of the coursework marks for Unit 3 so it is advisable to assess this in more detail than may have been done in the past.

In some of the tasks audited, aspects of the key knowledge were not examined. In particular, many schools are not assessing all areas of market failure. The study design is written in such a way that indicates that students could be examined on any of these sources of market failure. It is important that they are given adequate practice in this area through School-assessed Coursework tasks.

In addition, many tasks did not adequately cover the key knowledge associated with market structure. In particular students need to be assessed on the impact of market structure on prices, resource allocation and living standards.

Some of the tasks failed to assess students on the new areas of key knowledge contained in the study design and assessment tasks were too heavily weighted to the knowledge that was emphasised in the previous study design. Students are now expected to have knowledge of price elasticity of demand and supply and there should be assessment of this important concept.

Most of the tasks audited gave students the opportunity to demonstrate their ability with regard to the key skills. Some assessment items, however, did not contain any graphical material and/or an opportunity to interpret and analyse graphical data.

It is also important for assessment tasks to assess students’ ability to evaluate the competitiveness of markets in Australia. This was not generally covered by most of the assessment tasks that were reviewed.

Assessment could be improved by asking questions or setting application tasks in this area that link the key skills with the relevant areas of key knowledge. While many assessment tasks enabled students to illustrate their ability to manipulate demand and supply graphs very few required students to evaluate the competitiveness of markets, an area that should be covered more explicitly in future.

**Assessment**

Most of the tasks set were not explicitly linked to the assessment criteria or the performance descriptors in the assessment handbook. Most teachers prepared tests that were weighted adequately with regards to the depth, complexity and detail required. The assessment could have been more heavily weighted in some cases towards the evaluation skill and some of the new areas of the study design mentioned above.

**Outcome 2**

Explain the nature and importance of key economic goals in Australia, describe the factors that may have influenced the achievement of these goals over the past four years, and analyse the impact each of these goals may have on living standards
This can be assessed using any one or a combination of any of the following:

- a folio of applied economics exercises
- an essay
- a test
- a report.

The new study design provides teachers with a very prescriptive list for the key knowledge that should be assessed in this outcome. Each of the economic goals was generally assessed adequately but some tasks did not assess all of them. This provides students with inadequate preparation for the examination and does not allow them to demonstrate the highest level of achievement in the outcome.

Most teachers used the key knowledge from the study design to design their assessment tasks, however some tasks still required students to analyse the performance of the Australian economy in the last ten years. This is no longer an area of key knowledge on the study design. The emphasis is now on the aggregate demand and aggregate supply factors that have influenced the goal over the last four years (with the exception of equity in the distribution of income which is slightly different). It is therefore important to provide stimulus material for students with regards to each of the economic goals.

With regards to strong and sustainable economic growth, some assessment tasks did not assess each of the dot points. Students are expected to demonstrate that they have knowledge of sustainable development, alternative economic indicators and factors that may affect future rates of economic growth. Given that each of these areas could be examined it is important to incorporate appropriate questions in tasks to assess them.

Many assessment tasks adequately covered most of the external stability area. It is however, important to highlight the change to the study of this economic goal. An assessment task should include an assessment of the advantages and disadvantages associated with free trade and a discussion of the different methods that can be used. Not all of the assessment tasks audited covered this area adequately.

In addition the study design emphasises the need for students to analyse the impact of the key economic goals on living standards. Many assessment tasks asked specific questions about living standards and the factors affecting them. The link between living standards and the achievement of the economic goals was not as obvious and assessment tasks could be improved with greater explicit questioning in this area.

Similar to Outcome 1, there were some assessment tasks that did not allow students to demonstrate the ability to interpret and analyse statistical and graphical data to investigate the factors that have influenced the achievement of the key economic goals over the past four years. An assessment task on this outcome that omits assessment of this key skill fails to adequately prepare students for the final examination.

It is important that teachers do not assess key knowledge that is not included in the study design. While there is nothing wrong with teaching material that is outside the study design it is inappropriate to base student performance on an outcome on irrelevant material.

**Assessment**

Most of the tasks set were not explicitly linked to the assessment criteria or the performance descriptors in the assessment handbook. Most teachers prepared tests that were weighted adequately with regards to the depth, complexity and detail required. The assessment could have been more heavily weighted in some cases towards the evaluation skill and some of the new areas of the study design mentioned above.
Unit 4 Coursework
Outcome 1

Explain the nature and operation of government macroeconomic demand management policies, explain the relationship between budgetary and monetary policy, and analyse how the policies may be used to achieve key economic goals and improve living standards in Australia.

This could be assessed using any one or a combination of the following:
• an essay
• a report
• problem-solving exercises
• a test
• a folio of media commentaries using print and/or electronic media
• a folio of applied economic exercises.

Most schools chose to assess this outcome using a test or series of tests. Some areas of the course were covered comprehensively while others were generally neglected. Many assessment tasks appear to have been based on the previous study design. Many teachers chose to use commercially prepared assessment tasks.

The study design provides a detailed list of the key knowledge and key skills that should be included in any assessment of the outcome. It is important to design assessment tasks around this information so that students are adequately prepared for the end-of-year examination. Unfortunately many teachers did not assess each of the areas of key knowledge for this outcome.

With regards to budgetary policy, most assessment tasks that were audited did not assess the way a budget deficit may be financed or how a budget surplus is used. In addition many assessment tasks have not been adjusted to account for the change in focus with regards to budgetary policy. Many teachers are still requiring students to evaluate the role of budgetary policy in achieving the government’s economic goals. The emphasis is no longer on the strengths and weaknesses of the policy instrument but an explanation of how the policy could be used in a theoretical sense to influence aggregate demand and therefore inflation, unemployment and economic growth. It is also important to explain how the policy could be used to influence external stability and equity in income distribution.

Many assessment tasks that were reviewed lacked adequate assessment of current policy initiatives from the last four years that were designed to influence the level of aggregate demand. It is important that the skills of applying knowledge of current budgetary policy initiatives to each of the government’s economic goals are assessed in the School-assessed Coursework. Given that there can be a focus on the last twelve months and/or two years it is important to ask questions with regards to the most recent budget and its associated initiatives. Any commercially prepared assessment tasks may therefore need to be modified if they have not been updated to reflect the change in the government’s budgetary policy stance or in any of the current initiatives.

It is not advisable to rely solely on hypothetical budgetary policy initiatives to address the key knowledge in this area. It is also not advisable to design questions around a hypothetical economy (with imaginary rates of growth, unemployment and inflation) and ask students to suggest how monetary and budgetary policy would be used in this situation. It is of greater benefit if students focus their attention on how the policies have been implemented by government in the last four years.

As with budgetary policy, many assessment tasks did not adequately examine how monetary policy has been implemented in the last four years. Given that students could be asked to explain how the implementation of monetary policy may have affected aggregate demand in
the last four years it is important that they gain exposure to questions of this nature in their School-assessed Coursework.

The study design emphasises the impact of economic events and changes in policy instruments on living standards. Many assessment tasks that were audited did not refer to living standards in any of the questions.

Many of the assessment tasks that were reviewed did not examine the relationship between budgetary policy and monetary policy in the management of aggregate demand.

One of the important key skills that was not adequately assessed in some of the assessment tasks reviewed was the ability of students to gather relevant data and information about the nature and operation of aggregate demand policies in Australia. The use of hypothetical examples in questions does not allow students to illustrate their competence with regards to this skill.

**Assessment**

Most of the tasks set were not explicitly linked to the assessment criteria or the performance descriptors in the assessment handbook. Unfortunately the inclusion of questions that examined areas of the course that are no longer in the study design meant that the weighting of assessment tasks was a little skewed and therefore it was not possible to accurately determine a student’s performance on the outcome.

**Outcome 2**

Explain the nature and operation of government aggregate supply policies analyse how they may be used to achieve key economic goals and improve living standards in Australia, and analyse the current government policy mix.

This could be assessed using any one or a combination of the following:

- an essay
- a report
- problem-solving exercises
- a test
- a folio of media commentaries using print and/or electronic media
- a folio of applied economic exercises.

Most teachers chose to assess this outcome using a series of tests. While most of the assessment tasks audited covered most of the key skills in a comprehensive fashion there were some areas that were completely neglected.

The aggregate supply policies section of the study design allows for teacher choice and also provides more direction with regards to what should be covered in the teaching of the course. It is therefore important that teachers follow the study design when preparing assessment tasks in this section so that they reflect the current study design.

There were a number of assessment tasks that asked students to answer questions that were not relevant to the key skills in this outcome. There was also an expectation in some of the assessment tasks that students had a comprehensive knowledge of each of the Microeconomic reform policies listed on page 29 of the study design. Students are only expected to have knowledge of how one of the listed policies is intended to influence the achievement of the government’s economic goals and living standards. Rather than focus on different microeconomic reform policies and how these might affect different economic goals, it is better to gain a deeper understanding of one policy. In some cases the questions about microeconomic reform policies was too generalised without reference to any of the specific microeconomic reform policies. Given that students are expected to be able to explain, in detail, how one policy could affect aggregate supply and the government’s economic goals it is important that this be assessed in any School-assessed Coursework on the outcome.
There were a number of assessment tasks that were reviewed that did not assess the role of budgetary policy in affecting the level of aggregate supply. The study design indicates that students should have knowledge of the role of taxation and infrastructure spending in affecting aggregate supply. Assessment tasks will therefore need to include questions on these budgetary policy measures to influence aggregate supply and include any others such as spending on vocational education and training.

Some of the assessment tasks audited did not assess the role of immigration policies and in particular, their impact on living standards in Australia. While immigration policies were assessed in most of the assessment tasks reviewed, most did not adequately examine how the policy may affect the labour market.

Most assessment tasks audited adequately examined the role of environmental policies and their impact on aggregate supply and living standards. Questions may, however, need to be refined so that students are given the opportunity to explain how these policies are designed to influence long-term economic prosperity.

The government’s policy mix is still an important area of key knowledge in the study design. It was often neglected in assessment tasks in previous years and this continued to be the case this year. There were a large number of assessment tasks that did not examine students’ knowledge in this area and it is advisable that teachers address this.

As with Outcome 1 for this unit there were very few questions on the assessment tasks reviewed that tested students’ skills with regards to gathering and interpreting relevant data and information. The Economics course emphasises the need for up-to-date information and the student’s ability to analyse that data. Where possible this should be included and form the basis of some of the assessment.

The policies in this section should also be analysed in terms of their impact on living standards. There was a general lack of assessment of this key skill which is important preparation for the end-of-year examination.

**Assessment**

Most of the tasks set were not explicitly linked to the assessment criteria or the performance descriptors in the assessment handbook. Most teachers prepared tests that were weighted adequately with regards to the depth, complexity and detail required. The assessment could have been more heavily weighted in some cases towards the evaluation skill and some of the new areas of the study design mentioned above.