VCE Economics (Units 3 and 4: 2023–2027)

School-based Assessment report

This report is provided for the first year of implementation of VCE Economics Study Design (2023–2027) and is based on the School-based Assessment Audit and VCAA statistical data.

All official communications regarding the Victorian Certificate of Education (VCE) Economics Study Design (2023–2027) are provided in the [*VCAA Bulletin*](https://www.vcaa.vic.edu.au/news-and-events/bulletins-and-updates/bulletin/Pages/index.aspx)and Notices to Schools. It is recommended that teachers subscribe to the *[VCAA Bulletin](https://www.vcaa.vic.edu.au/news-and-events/bulletins-and-updates/bulletin/Pages/index.aspx)* to receive updated information regarding the study. Schools are required to alert teachers to information in the [*VCAA Bulletin*](https://www.vcaa.vic.edu.au/news-and-events/bulletins-and-updates/bulletin/Pages/index.aspx)and Notices to Schools, especially concerning assessment schedules. Important administrative dates and assessment schedules are published on the School administration page of the [VCAA website](http://www.vcaa.vic.edu.au).

General comments

It is important teachers note the 2023–2027 VCE Economics Study Design differs considerably from the preceding one, therefore teachers must ensure School-assessed Coursework tasks reflect and comply with the requirements of the current study design. Note the Teacher Support Materials provide teaching and learning advice for Units 1 to 4 as well as assessment advice for School-based Assessment in Units 3 and 4. Other support materials for the study can be located on the [VCAA index page](https://www.vcaa.vic.edu.au/curriculum/vce/vce-study-designs/Pages/vce-study-designs.aspx) for VCE Economics. These include a study summary, summary of changes and frequently asked questions. Schools audited indicated use of a range of resources in development of tasks for each unit. These included VCAA provided assessment rubrics and support materials, as well as textbooks, teacher networks, and resources created by subject associations.

The first stage of the School-based Assessment Audit requires schools to complete a preliminary questionnaire and provide information on the types of tasks set, assessment planning, timelines and the administration of assessment. Responses suggested that most schools audited were designing and using tasks that meet the requirements of the reaccredited study design. All schools provided an assessment timetable to students to assist in planning for assessment.

For each School-assessed Coursework task, students should be given a clear and accurate statement of:

* the outcome being assessed
* the task type
* the requirements and conditions of the task
* the contribution of the task to the final outcome score.

A sizable proportion of schools indicated use of commercially developed tasks drawn from a range of sources. It is essential that tasks purchased from a commercial provider be significantly modified/adapted to reduce authentication issues. Simply, changing the order of the options in multiple-choice questions or superficially modifying a couple of the written response questions is not sufficient. These tasks are readily available in the public domain and are therefore readily accessible to students. It is especially problematic if students within a school are given tasks from the one publisher to assess all outcomes.

Tasks should be adapted by changing task words, content words and/or the case studies or prompt material on which the questions are based.

There were many examples of unique, teacher-designed tasks provided, most met the requirements of the study design. Teachers are reminded that the ‘Assessment’ section within the Teacher Support Materials includes sample approaches to developing assessment tasks. These will be of assistance to teachers requiring guidance in the process of developing School-based Assessment tasks.

There were indications some teachers were unclear as to the exact definition of the two-year timeframe regarding use of economic data and events. Some were clearly working with a calendar year, whilst others with the financial year. There were some instances of teachers using data and events not within the two-year timeframe. Teachers are reminded that economic data studied should be drawn from the calendar year both current and immediately prior beginning 1 January two years previous to the current academic year. In effect this means that in 2023 students were required to know about the implementation of policies in 2021, 2022 and 2023 for the final examination in 2023.

When designing a School-assessed Coursework task schools must ensure the task directly assesses key knowledge and key skills applicable to the specific outcome being assessed. Each task must also be compliant with the specifications of the study design. A task must differentiate levels of student achievement and allow all students to demonstrate their highest level of ability and achievement.

Unit 3: Australia’s living standards

General comments

The majority of schools audited demonstrated compliance with VCAA School-assessed Coursework requirements through the initial audit questionnaire. Most teachers demonstrated a strong understanding of the course material and indicated that Unit 3 was assessed within VCAA guidelines. It was clear that most teachers had referred to VCAA resources and advice when planning School-assessed Coursework tasks.

It was apparent that teachers are successfully applying the theoretical concepts within the study design to contemporary economic events in both assessment and their classrooms in general. Schools are, however, reminded that the study design specifically states that students must study factors that have affected the achievement of macroeconomic goals and living standards over the last two years. Whilst historical economic information more than two years old may be useful for reflection and determination of economic trends, any economic information included in a School-assessed Coursework assessment task must sit within the two-year timeframe mandated in the study design.

Teachers should avoid re-using assessment tasks from previous years in order to both ensure that information is contemporary, and to ensure authentication of student work. In some cases, School-assessed Coursework materials were sighted that incorporated information more than two years old. Schools are advised that economic information must be contemporary and therefore updated regularly.

Teachers indicated use of a limited range of assessment task types. The overwhelming majority of schools reported use of structured questions under test conditions as the form of assessment used during Units 3 and 4. It appears that many schools are using School-assessed Coursework tasks as a proxy for exam preparation. As stipulated in the new study design, schools must use at least two different types of assessment tasks when assessing the outcomes in both Units 3 and 4. In addition to structured questions, schools should select at least one of the following for School-assessed Coursework in Units 3 and 4: a folio of applied economics exercises; an extended response; an essay; a report; a data analysis; a media analysis; or a case study. This is not only a minimum requirement but essential in allowing students to develop a range of assessment skills.

There is still frequent use of tasks written by commercial providers. More than 50 per cent of the schools audited in Unit 3 indicated use of commercial tasks in some form. These tasks tend to be limited to ‘structured question tests’, thereby restricting the range of assessment types used. Schools are advised that significant authentication issues exist with use of unmodified commercial tasks in entirety for School-based Assessment. Many of these tasks are readily available with students sharing these between schools. It is therefore essential that tasks purchased from a commercial provider be significantly modified/adapted in order to make them unique to the individual school thereby reducing issues related to authentication of student work.

Schools should note that all required materials must be submitted for the audit. These are listed in the [VCE Administrative Handbook](https://www.vcaa.vic.edu.au/administration/vce-handbook/Pages/index.aspx?Redirect=1). A checklist for an audit is published on the [VCAA website](http://www.vcaa.vic.edu.au). If all materials requested are not submitted, a judgment cannot be made as to compliance, and this will result in a request for submission of further evidence.

Specific information

Unit 3 – School-assessed Coursework

School-assessed Coursework for Unit 3 contributes 25 per cent to the study score. Of this, Outcome 1 contributes 35 per cent, Outcome 2 contributes 40 per cent and Outcome 3 contributes 25 per cent.

Outcome 1

On completion of this unit the student should be able to analyse how markets operate to allocate resources and evaluate the role of markets and government intervention in achieving efficient outcomes.

**Task type options**

The student’s performance on each outcome is assessed using two or more of the following:

* a folio of applied economics exercises
* an extended response
* an essay
* a report
* a data analysis
* a media analysis
* a case study
* structured questions.

Most schools audited assessed Outcome 1 using a single task. Structured questions were the most common form of assessment used. Most tasks combined structured questions and a case study/ data analysis.

A minority of schools assessed Outcome 1 through two separate tasks, each being worth 17.5 per cent of the Unit 3 coursework score. The first task typically covered the operation of markets, with the second task typically covering market failure. This allowed students to build on and improve their approach to assessment and thereby maximise their score, as they were able to use feedback provided to improve performance between the two assessment dates. This approach, however, does require more lesson time be allocated to assessment tasks. A small number of schools included questions on market structures other than perfect competition such as monopolies and oligopolies. This content is not included in Units 3 and 4 of the current study design. Teachers must stay abreast of developments in the study design and participate in professional development offered in order to ensure that a contemporary study is both taught and assessed.

It was noted that the structured questions used by a number of schools consisted largely of questions with low mark allocations such as two-marks and/or significant numbers of multiple-choice questions. School-assessed Coursework tasks must contain a range of question types (from lower through to medium and higher order questions) to enable students to demonstrate different levels of achievement and ensure accurate differentiation and ranking of students within the individual cohort.

Further, it is recommended that a range of command terms be used within each School-assessed Coursework task to ensure the task is accessible to students of all ability levels and a balance of lower, medium and higher order questions. When developing School-assessed Coursework tasks teachers are advised to be guided by the ‘25/50/25 rule’. That is, 25 per cent of questions should be lower order questions, 50 per cent of questions should be medium order questions, while the balance should be higher order questions employing command words such as ‘evaluate’. Further, the marks allocated to each question should naturally reflect the demands/requirements of each question. While the use of multiple-choice questions is appropriate, as they feature on the end-of-year examination and students must have practice discerning between the options presented to arrive at the correct response, it is problematic when there is an over-reliance on them. For example, on the end-of-year examination, the multiple-choice questions account for fifteen out of a possible 80 marks or just under 19 per cent of all marks. If schools wish to employ multiple-choice questions when writing School-assessed Coursework tasks, they should use this figure of no more than 19 per cent of all marks as a rule of thumb.

Schools must use a variety of School-assessed Coursework formats other than just use of structured questions.

Assessment

Assessment procedures and forms used by schools audited were generally appropriate. Most schools indicated use of marking descriptors by the VCAA. Few were able, however, to directly link/align the specific task used to the VCAA descriptors. It is recommended that the VCAA descriptors be adapted to the specific assessment task to reflect that task.

The audit may require a school to submit extra documentation in order to clearly demonstrate compliance. This may be in the form of a marking guide. A marking guide should specifically link to the assessment task given and clearly indicate how marks will be allocated for specific questions.

Outcome 2

On completion of this unit the student should be able to analyse key contemporary factors that may have affected domestic macroeconomic goals over the past two years, evaluate the extent to which the goals have been achieved and discuss the effects on living standards.

**Task type options**

The student’s performance on each outcome is assessed using two or more of the following:

* a folio of applied economics exercises
* an extended response
* an essay
* a report
* a data analysis
* a media analysis
* a case study
* structured questions.

Most schools audited assessed this outcome through a single task. This resulted in large and lengthy School-assessed Coursework tasks due to the breadth of the material assessable for the outcome. The weighting of this assessment task has increased to 40 per cent from the previous study design, and as a consequence the breadth of the assessable material has also increased. As a result, the requirements of Outcome 2 are considerably more significant. In a teaching and learning program it is likely a teacher will spend the second half of Term 1, as well as several weeks of Term 2 instruction, covering key knowledge and key skills of Outcome 2. This will create an extended period between assessment tasks. Similar to Outcome 1, this could be addressed through use of two smaller assessment tasks rather than one large one.

Again, a narrow range of assessment tasks, predominantly structured questions, were used by most schools audited.

Schools appear to have adapted to and adopted the updated language appearing in the 2023–2027 study design. Terms such as ‘NAIRU’, ‘deflation’, ‘disinflation’ and ‘wage-price spiral’ were embedded into School-assessed Coursework tasks provided by schools.

Similarly, it was apparent schools also incorporated most of the new key skills and task words into School-assessed Coursework tasks such as: ‘construct, interpret and apply economic models including the five-sector circular flow model of income and the business cycle’ and ‘evaluate the extent to which the economy has achieved the domestic macroeconomic goals over the past two years and discuss the effect of this on living standards.’

Further, many schools incorporated contemporary developments relating to the three macroeconomic goals such as graphs, tables of data, quotes, and extracts into School-assessed Coursework tasks. This made for engaging and relevant School-assessed Coursework tasks, allowing students to apply theoretical understandings to contemporary developments in the Australian economy. For example, schools included graphs of aggregate demand factors such as consumer sentiment, household disposable income, and interest rates, and aggregate supply factors such as wage costs, labour force participation rates, and labour productivity, along with CPI, real GDP, and unemployment data.

It is emphasised that reusing School-assessed Coursework materials from prior to 2023 is not appropriate. In addition to authentication and security issues, some of the key skills and knowledge prior to 2023 are no longer relevant.

Assessment

Most schools audited cited use of VCAA assessment descriptors for Outcome 2 assessment tasks. Teachers are reminded that these do require adaptation in order for them to be applicable to a specific School-assessed Coursework task given within a school. Schools are discouraged from applying these generically.

Outcome 3

On completion of this unit the student should be able to analyse the factors that may affect the exchange rate, terms of trade and Australia’s international competitiveness, and discuss their impact on Australia’s international transactions and the achievement of the domestic macroeconomic goals and living standards.

**Task type options**

The student’s performance on each outcome is assessed using two or more of the following:

* a folio of applied economics exercises
* an extended response
* an essay
* a report
* a data analysis
* a media analysis
* a case study
* structured questions.

The majority of schools employed a single assessment task to assess Unit 3 Outcome 3. Some of the assessment timelines submitted were tight, leaving limited time to teach and assess a complex and challenging area of study / outcome. The ‘Developing a Course’ section of the Teacher Support Materials suggests a minimum of 12.5 hours be allocated to the teaching and learning of Area of Study 3 in order to adequately address Outcome 3. Schools are advised to revisit the amount of time allocated to Areas of Study 1 and 2 and ensure sufficient time be allocated to teaching and assessment of Area of Study 3 Unit 3.

There was evidence some teachers were not planning assessment before the teaching of key skills and key knowledge. Several schools did not respond to questions related to Outcome 3 on the basis that they had not yet determined how it would be assessed. Teachers are advised that assessment should be planned concurrently with the learning program. It is expected that a teacher should have a general idea of School-assessed Coursework materials to be used before teaching an outcome and be able to provide at least some sample questions to be used.

The audit questionnaire is a useful step-by-step guide for ensuring all aspects of the course are being assessed appropriately. Schools are encouraged to open the audit as soon as they receive it, review the expectations and then complete each section progressively as they work towards the deadline. Teachers who appeared to work this way generally provided high-quality submissions.

Assessment

Schools generally used the VCAA descriptors provided in the Support Materials. Note: These descriptors lend themselves more to certain forms of assessment such as extended responses, case studies, essays, and reports than to structured questions answered under test conditions.

Unit 4: Managing the economy

General comments

In Unit 4, as with Unit 3, there was evidence of reuse of tasks and questions from previous years as well as use of commercially produced assessment materials. These practices pose significant risk in terms of authentication of student work. Teachers are advised to significantly modify any materials in the public domain materials to ensure that they are unique to the individual school, as potential exists for students to share such tasks through social media platforms, thereby raising authentication issues. Ideally a new assessment task should be created each year, although meaningful adaptation of existing materials is permissible.

School-assessed Coursework materials used must assess the key knowledge and key skills of the relevant area of study to the appropriate level of detail and scope as stipulated in the study design.

The majority of schools audited met the requirements of the VCE [Economics Study Design (2023–2027)](https://www.vcaa.vic.edu.au/curriculum/vce/vce-study-designs/economics/Pages/Index.aspx) for Unit 4 in the first year of implementation. In general, teachers appeared to have a strong grasp of the unit and its key knowledge and key skills, resulting in appropriate assessment of the School-assessed Coursework components of Unit 4. It was evident that advice provided by the VCAA and subject associations regarding appropriate implementation and assessment of the unit had been incorporated and appropriate assessment design and processes were generally evident.

School-assessed Coursework for Unit 4 will contribute 25 per cent to the study score. Of this, Outcome 1 contributes 60 per cent and Outcome 2 contributes 40 per cent.

Specific information

Unit 4 – School-assessed Coursework

Outcome 1

On completion of this unit the student should be able to discuss the operation of aggregate demand policies and analyse their intended effects on the achievement of the domestic macroeconomic goals and living standards.

**Task type options**

The student’s performance on each outcome is assessed using two or more of the following:

* a folio of applied economics exercises
* an extended response
* an essay
* a report
* a data analysis
* a media analysis
* a case study
* structured questions.

Outcome 1 has a weighting of 60 per cent within Unit 4 School-assessed Coursework, and therefore contributes 30 per cent to the overall School-assessed Coursework mark for VCE Economics. Whilst it is possible to assess this outcome using a single assessment task, problems are evident with this approach. Students who underperform on this task tend to experience a disproportionately significant impact on their overall result, therefore their ranking within the school cohort is affected. Similarly, provision of one large task will usually limit potential to explore key knowledge and key skills both in sufficient scope and depth within the assessment, thereby hindering the possibility of achieving an accurate ranking of the student cohort.

A small number of School-assessed Coursework tasks submitted were designed to be completed within a single lesson of approximately 50 minutes. This time allocation would make it difficult to adequately address and assess key knowledge and key skills in appropriate detail and scope.

Many teachers separated the assessment of this outcome into two distinct School-assessed Coursework tasks, resulting in better placement to assess the scope and depth of student knowledge and skills across the entire outcome. Most schools doing this used one task based on monetary policy and another based on budgetary policy.

Assessment

The majority of schools indicated use of marking descriptors provided by the VCAA when assessing Unit 4. Teachers should, however, note the need to adjust these in order to apply them to individual, unique assessment materials.

When asked to provide a sample marking guide most schools provided either:

1. A commercial marking guide
2. A list of marks available for each task.

Commercially produced marking guides, akin to commercially produced School-assessed Coursework tasks, are also readily shared online. Provision of a simple list of mark allocations rather than a basic description of how the marks were to be designated during marking does not meet the requirements of the audit. Schools are strongly encouraged to produce specific marking guides for all assessment tasks created. There are significant benefits in terms of accuracy and consistency in marking and authentication of student work to be gained by doing this.

In schools with more than one class of VCE Economics being taught by different teachers, provision of a marking guide will better ensure consistency between classes, thereby increasing the opportunity for accurate and fair reflection of student performance through cohort rankings. A marking guide clarifies exactly what is required from students, thereby creating consistency between different markers. Similarly, it also serves as a learning activity/ tool for students.

It was noted that several schools focused exclusively on *predicting the impact of changes in*

aggregate demand policies on the achievement of the domestic macroeconomic goals and

*living standards.* While this is a key skill and should be assessed, schools are reminded of the need to assess the equally important skill of *analysing the effect of current factors on the setting of aggregate demand policies and living standards.* That is, students must also be able to analyse the motivations driving the settings of contemporary aggregate demanded policies. For example, in 2023 monetary policy was primarily concerned with restoring inflation as measured by the CPI to the RBA’s target band of 2 to 3 per cent, on average, over time. While budgetary policy sought to ameliorate the effects of high inflation on living standards through a range of deliberate policy actions. These skills are clearly spelt out on page 25 of the study design.

Further, it was evident that some schools were not across the requirements of the revised study design with respect to the operation of conventional monetary policy. Some of the questions sighted referred to the use of open market operations for changing the cash rate. This is not how the Reserve Bank of Australia (RBA) changes the cash rate. It changes the cash rate by moving the policy interest rate corridor up or down, and using incentives to ensure that the banks transact at the new targeted cash rate. The RBA only uses open market operations (or liquidity management) to maintain the actual cash rate at the desired level, i.e. in line with the targeted cash rate.

Outcome 2

On completion of this unit the student should be able to discuss the operation of aggregate supply policies and analyse the effect of these policies on the domestic macroeconomic goals and living standards.

**Task type options**

The student’s performance on each outcome is assessed using two or more of the following:

* a folio of applied economics exercises
* an extended response
* an essay
* a report
* a data analysis
* a media analysis
* a case study
* structured questions.

The majority of schools audited assessed Outcome 2 Unit 4 through a single task. Some schools included questions requiring students to ‘evaluate the strengths and weaknesses of aggregate supply policies in achieving the macroeconomic goals and living standards.’ This is no longer a requirement of the study design and therefore must not be assessed. Nowhere in Area of Study 2 is reference made to the strengths and weaknesses of aggregate supply policies. Students are only required to analyse the strengths and weaknesses of aggregate demand policies from Area of Study 1. School-assessed Coursework tasks submitted as further evidence indicated utilisation of questions drawn directly from textbooks by some schools. Teachers are advised that it is important to check these to ensure they are relevant to key knowledge and key skills as stipulated in the study design. It is important that the language within School-assessed Coursework tasks directly reflect the language of the study design. Teachers should also be mindful that these questions are in the public domain, therefore unmodified use of these within School-assessed Coursework assessment may provide some students an unfair advantage.

It was evident that many schools had noted the changes to Area of Study 2 and incorporated questions on trade liberalisation (formerly in Unit 3, Area of Study 3) and market-based environmental policies (reintroduced to Unit 4) into School-assessed Coursework tasks. It was also apparent that schools allowed students opportunity to focus on one aggregate supply budgetary policy, whether tax reform, subsidies, infrastructure, training and education, or research and development as per the new study design.

Further evidence submitted also indicated that several schools included significant numbers of lower and middle order task words. It is recommended that an effort be made to include more questions incorporating higher order task words in order to assess students’ higher order thinking skills and ensure that an accurate ranking of the student cohort is achieved. Teachers need to ensure that higher order thinking skills such as analysis, discussion and application are assessed in terms of policy options in relation to influencing aggregate supply.

Assessment

The issues associated with the use of the assessment criteria for Outcome 1 were also evident in relation to Outcome 2. These issues have been addressed previously in this report.

Teachers are encouraged to be consistent with the mark allocation, both within and across papers. Similarly, the number of lines allocated must also reflect the level of detail and depth required in a response.