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Introduction

The VCE Economics *Advice for teachers* handbook provides curriculum and assessment advice for Units 1 to 4. It contains advice for developing a course with examples of teaching and learning activities and resources for each unit.

Assessment information is provided for school based assessment in Units 3 and 4 and advice for teachers on how to construct assessment tasks with suggested performance descriptors and rubrics.

The course developed and delivered to students must be in accordance with the [VCE Economics Study Design 2017–2022](http://www.vcaa.vic.edu.au/Pages/vce/studies/economics/economicsindex.aspx).

Administration

Advice on matters related to the administration of Victorian Certificate of Education (VCE) assessment is published annually in the [*VCE and VCAL Administrative Handbook.*](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/VCE%20and%20VCAL%20Administrative%20Handbook.) Updates to matters related to the administration of VCE assessment are published in the [*VCAA Bulletin.*](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/VCAA%20Bulletin%20VCE,%20VCAL%20and%20VET.)

Teachers must refer to these publications for current advice.

VCE Economics Study Design examination specifications, past examination papers and corresponding examination reports can be accessed at: [www.vcaa.vic.edu.au/Pages/vce/studies/economics/exams.aspx](http://www.vcaa.vic.edu.au/Pages/vce/studies/economics/exams.aspx)

Graded Distributions for Graded Assessment can be accessed at [www.vcaa.vic.edu.au/Pages/vce/statistics/2013/index.aspx](http://www.vcaa.vic.edu.au/Pages/vce/statistics/2013/index.aspx)

Developing a teaching and learning program

The program outlines the nature and sequence of teaching and learning necessary for students to demonstrate achievement of the set of outcomes for a unit. The areas of study describe the learning context and the knowledge and skills required for the demonstration of each outcome.

Teachers should use the study design and this advice to develop a teaching and learning program that includes appropriate learning activities to enable students to develop the knowledge and skills identified in the outcomes in each unit.

For Units 1 and 2, teachers will select a range of assessment tasks from the list provided. The tasks chosen should aim to accommodate student’s different learning styles.

A number of options are provided in each area of study to encourage the use of a broad range of assessment activities. Teachers can exercise great flexibility when devising assessment tasks at this level, within the parameters of the study design.

More than one assessment task can be used to assess satisfactory completion of each outcome in the units.

In Units 3 and 4, assessment is more structured. The types of assessment tasks for each outcome are specified. The contribution that each outcome makes to the total score for school-assessed coursework is also stipulated.

Employability skills

The VCE Economics study provides students with the opportunity to engage in a range of learning activities. In addition to demonstrating their understanding and mastery of the content and skills specific to the study, students may also develop employability skills through their learning activities.

The nationally agreed employability skills are: Communication; Planning and organising; Teamwork; Problem solving; Self-management; Initiative and enterprise; Technology; and Learning.

The [table](#EmploySkills) links those facets that may be understood and applied in a school or non-employment related setting, to the types of assessment commonly undertaken within VCE Economics.

Resources

A list of [resources](http://www.vcaa.vic.edu.au/Pages/vce/studies/economics/economicsindex.aspx) is published online on the VCAA website and is updated annually. The list includes teaching, learning and assessment resources, contact details for subject associations and professional organisations.

Assessment

Assessment is an integral part of teaching and learning. At the senior secondary level it:

* identifies opportunities for further learning
* describes student achievement
* articulates and maintains standards
* provides the basis for the award of a certificate.

As part of VCE studies, assessment tasks enable:

* the demonstration of the achievement of an outcome or set of outcomes for satisfactory completion of a unit
* judgment and reporting of a level of achievement for school-based assessments at Units 3 and 4.

The following are the principles that underpin all VCE assessment practices. These are extracted from the [VCAA *Principles and guidelines for the development and review of VCE Studies*](http://www.vcaa.vic.edu.au/Pages/vce/generaladvice/index.aspx) published on the [VCAA website](http://www.vcaa.vic.edu.au/Pages/index.aspx).

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| **VCE assessment will be valid** | This means that it will enable judgments to be made about demonstration of the outcomes and levels of achievement on assessment tasks fairly, in a balanced way and without adverse effects on the curriculum or for the education system. The overarching concept of validity is elaborated as follows. |
| **VCE assessment should be fair and reasonable** | Assessment should be acceptable to stakeholders including students, schools, government and the community. The system for assessing the progress and achievement of students must be accessible, effective, equitable, reasonable  and transparent.  The curriculum content to be assessed must be explicitly described to teachers  in each study design and related VCAA documents. Assessment instruments should not assess learning that is outside the scope of a study design.  Each assessment instrument (for example, examination, assignment, test, project, practical, oral, performance, portfolio, presentation or observational schedule) should give students clear instructions. It should be administered under conditions (degree of supervision, access to resources, notice and duration) that are substantially the same for all students undertaking that assessment.  Authentication and school moderation of assessment and the processes of external review and statistical moderation are to ensure that assessment  results are fair and comparable across the student cohort for that study. |
| **VCE assessment should be equitable** | Assessment instruments should neither privilege nor disadvantage certain groups of students or exclude others on the basis of gender, culture, linguistic background, physical disability, socioeconomic status and geographical location.  Assessment instruments should be designed so that, under the same or similar conditions, they provide consistent information about student performance. This may be the case when, for example, alternatives are offered at the same time for assessment of an outcome (which could be based on a choice of context) or at a different time due to a student’s absence. |
| **VCE assessment will be balanced** | The set of assessment instruments used in a VCE study will be designed to provide a range of opportunities for a student to demonstrate in different contexts and modes the knowledge, skills, understanding and capacities set out in the curriculum. This assessment will also provide the opportunity for students to demonstrate different levels of achievement specified by suitable criteria, descriptors, rubrics or marking schemes.  Judgment about student level of achievement should be based on the results from a variety of practical and theoretical situations and contexts relevant to a study. Students may be required to respond in written, oral, performance, product, folio, multimedia or other suitable modes as applicable to the distinctive nature of a study or group of related studies. |
| **VCE assessment will be efficient** | The minimum number of assessments for teachers and assessors to make a robust judgment about each student’s progress and learning will be set out in the study design. Each assessment instrument must balance the demands of precision with those of efficiency. Assessment should not generate workload and/or stress that unduly diminish the performance of students under fair and reasonable circumstances. |

Scope of tasks

For Units 1–4 in all VCE studies assessment tasks must be a part of the regular teaching and learning program and must not unduly add to the workload associated with that program. They must be completed mainly in class and within a limited timeframe.

Points to consider in developing an assessment task:

1. List the key knowledge and key skills.
2. Choose the assessment task where there is a range of options listed in the study design. It is possible for students in the same class to undertake different options; however, teachers must ensure that the tasks are comparable in scope and demand.
3. Identify the qualities and characteristics that you are looking for in a student response and design the criteria and a marking scheme
4. Identify the nature and sequence of teaching and learning activities to cover the key knowledge and key skills outlined in the study design and provide for different learning styles.
5. Decide the most appropriate time to set the task. This decision is the result of several considerations including:

* the estimated time it will take to cover the key knowledge and key skills for the outcome
* the possible need to provide a practice, indicative task
* the likely length of time required for students to complete the task
* when tasks are being conducted in other studies and the workload implications for students.

Units 1 and 2

The student’s level of achievement in Units 1 and 2 is a matter for school decision. Assessments of levels of achievement for these units will not be reported to the VCAA. Schools may choose to report levels of achievement using grades, descriptive statements or other indicators.

In each VCE study at Units 1 and 2, teachers determine the assessment tasks to be used for each outcome in accordance with the study design.

Teachers should select a variety of assessment tasks for their program to reflect the key knowledge and key skills being assessed and to provide for different learning styles. Tasks do not have to be lengthy to make a decision about student demonstration of achievement of an outcome.

A number of options are provided in each study design to encourage use of a broad range of assessment activities. Teachers can exercise great flexibility when devising assessment tasks at this level, within the parameters of the study design.

Note that more than one assessment task can be used to assess satisfactory completion of each outcome in the units.

There is no requirement to teach the areas of study in the order in which they appear in the units in the study design.

Units 3 and 4

The VCAA supervises the assessment for levels of achievement of all students undertaking Units 3 and 4.

For VCE Economics the form of school based assessment is: School-assessed Coursework (SAC).

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| School–assessed Coursework | A SAC is selected from the prescribed list of assessment tasks designated for that outcome in the study design. A mark allocation is prescribed for each SAC. Teachers may develop their own marking schemes and rubrics or may use the [performance descriptors](file:///C:/Users/01437087/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.Outlook/AGN0ASRM/performance%20descriptors)  The *VCE and VCAL Administrative Handbook* provides more detailed information about School-assessed Coursework. |

In VCE Economics the student’s level of achievement will be determined by School-assessed Coursework and an end-of-year examination. The VCAA will report the student’s level of performance as a grade from A+ to E or UG (ungraded) for each of three Graded Assessment components: Unit 3 School-assessed Coursework, Unit 4 School-assessed Coursework and the end-of-year examination.

In Units 3 and 4 school-based assessment provides the VCAA with two judgments:

S (satisfactory) or N (not satisfactory) for each outcome and for the unit; and levels of achievement determined through specified assessment tasks prescribed for each outcome.

School-assessed Coursework provides teachers with the opportunity to:

* select from the designated assessment task/s in the study design
* develop and administer their own assessment program for their students
* monitor the progress and work of their students
* provide important feedback to the student
* gather information about the teaching program.

Teachers should design an assessment task that is representative of the content (key knowledge and key skills underpinning the outcome) and allows students the opportunity to demonstrate the highest level of performance. It is important that students know what is expected of them in an assessment task. This means providing students with advice about the outcome’s key knowledge and key skills to be assessed. Students should know in advance how and when they are going to be assessed and the conditions under which they will be assessed.

Assessment tasks should be part of the teaching and learning program. For each assessment task students should be provided with the:

* type of assessment task as listed in the study design and approximate date for completion
* time allowed for the task
* allocation of marks
* nature of any materials they can utilise when completing the task
* information about the relationship between the task and learning activities should also be provided as appropriate.

Following an assessment task:

* teachers can use the performance of their students to evaluate the teaching and learning program
* a topic may need to be carefully revised prior to the end of the unit to ensure students fully understand the key knowledge and key skills required in preparation for the examination
* feedback provides students with important advice about which aspect or aspects of the key knowledge they need to learn and in which key skills they need more practice.

Authentication

Teachers should have in place strategies for ensuring that work submitted for assessment is the student’s own. Where aspects of tasks for school-based assessment are completed outside class time teachers must monitor and record each student’s progress through to completion. This requires regular sightings of the work by the teacher and the keeping of records. The teacher may consider it appropriate to ask the student to demonstrate his/her understanding of the task at the time of submission of the work.

If any part of the work cannot be authenticated, then the matter should be dealt with as a breach of rules. To reduce the possibility of authentication problems arising, or being difficult to resolve, the following strategies are useful:

* Ensure that tasks are kept secure prior to administration, to avoid unauthorised release to students and compromising the assessment. They should not be sent by mail or electronically without due care.
* Ensure that a significant amount of classroom time is spent on the task so that the teacher is familiar with each student’s work and can regularly monitor and discuss aspects of the work with the student.
* Ensure that students document the specific development stages of work, starting with an early part of the task such as topic choice, list of resources and/or preliminary research.
* Filing of copies of each student’s work at given stages in its development.
* Regular rotation of topics from year to year to ensure that students are unable to use student work from the previous year.
* Where there is more than one class of a particular study in the school, the VCAA expects the school to apply internal moderation/cross-marking procedures to ensure consistency of assessment between teachers. Teachers are advised to apply the same approach to authentication and record-keeping, as cross-marking sometimes reveals possible breaches of authentication. Early liaison on topics, and sharing of draft student work between teachers, enables earlier identification of possible authentication problems and the implementation of appropriate action.
* Encourage students to acknowledge tutors, if they have them, and to discuss and show the work done with tutors. Ideally, liaison between the class teacher and the tutor can provide the maximum benefit for the student and ensure that the tutor is aware of the authentication requirements. Similar advice applies if students receive regular help from a family member.

Learning activities

Unit 1: The behaviour of consumers and businesses

This unit introduces students to the key concepts and terminology used in the study of economics through relevant and engaging tasks. Students are encouraged to see how economics is dynamic, current and topical. Unit 1 has flexibility for teachers to develop learning activities that are relevant to their particular cohort of students.

Based on a semester of 16 to 18 weeks, Unit 1 allows time to sequence and build economic knowledge through formal teaching, combined with an investigative and a case study approach. One way to divide the unit would be to spend 8 to 9 weeks on Area of Study 1 and 8 to 9 weeks on Area of Study 2. The suggested time allocation allows for teachers to integrate investigations and case studies across the teaching of each area of study or to schedule them after teaching all of the key knowledge and key skills.

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| **Area of Study 1: Thinking like an economist** | |
| **Outcome 1**: | **Examples of learning activities** |
| Describe the basic economic problem, discuss the role of consumers and businesses in the economy and analyse the factors that influence decision making. | * set up and write a media blog throughout Unit 1 about local, national and global economic issues covering a wide range of media: websites, TV, newspapers, social media and journal articles * take a series of photographs to illustrate the needs and wants of people of different ages, e.g. 0–5 years, 6–12 years, 13–18 years and so on * use hypothetical data to graph various production possibility curves and then explain the meaning and significance of the production possibility model * provide a written or documentary case study on a business’s production processes and ask students to list and categorise all the resources used by that business * compare and contrast traditional economic thinking with behavioural economic thinking * research and then write a profile or a report on the views and theories of a key behavioural economist * prepare and present an oral presentation on current research being undertaken in Australia by behavioural economists * work in pairs to hypothesise (pose a question to be researched) and then design and undertake behavioural economic research by survey and/or fieldwork to test the hypothesis * select an industry and create a visual photo-journey of how technology has evolved in this industry over the past fifty years * visit a supermarket to investigate the level of competition in certain lines of goods; complete fieldwork to gather information and data on product types and product range, producers and whether the good is manufactured in Australia or overseas; organise to speak to the store manager to discuss some of the current issues and challenges facing supermarkets in Australia, e.g. the level of competition in the grocery industry * use the Australian Competition and Consumer Commission (ACCC) website ([www.accc.gov.au](http://www.accc.gov.au/)) to investigate various types of anti-competitive behaviour; select one type of anti-competitive behaviour and prepare a written report on a current or a recent case investigated by the ACCC * survey a range of consumers of different ages to develop a list of factors that influence consumers’ decision making * conduct a class debate in response to the statement that: ‘Consumer sovereignty is significantly eroded by the activities of firms in Australia’ * develop a podcast based on interviews with two people: a relative who is over 50 years old and a teenage friend; compare how the use and impact of technology has affected their roles as consumers * arrange an excursion to an economics behaviour laboratory at one of the universities to take part in a simulated behavioural economics experiment * use email or teleconferencing or face-to-face to interview a traditional economist or a behavioural economist; find out what their role involves, why they think economics is important to study and about their current research; what significance does their research have in terms of policy design? * draw and explain the two sector circular flow model of the economy to a student who is unfamiliar with economics * use a PMI (pluses, minuses, interesting) chart to show the differences between traditional economic thinking and behavioural economic thinking * construct a timeline outlining the evolution and changing goals of business over the past thirty years * use an internet crossword maker (e.g. Eclipse Crossword) to make a crossword of key terms and concepts studied in Area of Study 1 * investigate and analyse a government campaign to nudge consumer behaviour in Australia (e.g. plain packaging of cigarettes, superannuation, tax on alcohol, regulations such as labelling and water usage) * analyse a series of artworks and/or cartoons that could be viewed as expressing basic economic concepts, such as paintings by Tom Roberts (visit the National Gallery of Victoria or research books and the internet) * analyse and explain consumer behaviour during different phases of the economic cycle over the past thirty years * create a PowerPoint or Prezi presentation to compare and contrast traditional economic thinking with behavioural economic thinking |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **AN ECONOMICS MEDIA BLOG**  This activity will assist students to build their economic literacy so that they can use the language of economics in a knowledgeable and confident manner. It will also help students appreciate the relevance of Economics in their everyday life.  Blogging is the activity of putting your thoughts and ideas in writing on the web and then enabling others to read your posts and comment on them. This makes blogging interactive, dynamic and shared. You can write around a theme, in this case Economics, and add graphs, photos, quotes, videos or media-links.  **What students could blog about:**  Anything that they believe is related to economics, including:   * An economics cartoon, picture or photograph students have seen online or in the newspapers * An item students have seen on the TV, for example news or current affairs program * An economics article students read online * An issue that is topical in Australia or abroad * A personal, family, local economic issue that is not currently being written about but is seen as relevant * A review of a movie or documentary students have seen that is relevant to economics * A song students have heard that links to economics * Economics graphs and/or statistics used in a newspaper or journal article or online * A YouTube clip students have watched that links to economics * A current topic of debate * An economics excursion that students participated in * A place students visited on the weekend, in the holidays, in the last year and an economic issue relevant to this visit * An issue of personal interest * Anything that in anyway can be or is linked to Economics.   **Part 1**  Students should read and/or watch at least 15 articles/programs relevant to economics and write 15 blogs. (Students should demonstrate that this has been done throughout the unit, not just in the week before it is due!)  Students should date and source all articles/programs/stimulus material.  Students should read and comment on other students’ blogs.  **Part 2**  Students should complete the following:   * edit each blog * ensure accuracy of economic terminology and conceptual accuracy * ensure all material is dated and sourced * reflect on the following questions: * How have the blogs reinforced your study of economics? * What have you learned about blogging? * How do the blogs link to the key knowledge covered in each Area of Study in Unit 1?   When the blogs are completed, towards the end of Unit 1, students should select their three favourite blogs. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **BEHAVIOURAL ECONOMICS EXPERIMENT**  This group work or paired task enables students to learn about behavioural economics through hypothesising and conducting an economics experiment. Behavioural economics is a subset of economics and is a method of economic analysis that applies psychological insights into human behaviour to explain economic decision making. This field of economics suggests that consumers are subject to a range of psychological biases and use various rules of thumb when making choices. As such, behavioural economics focuses on observations about how people behave in certain circumstances.  The research undertaken could be collected through the use of a survey and/or through conducting a field experiment.  **Ideas for student investigation**   * Would incentives encourage students to put their rubbish in bins? * Are student absences more common on a Monday? * Are the healthiest foods located more conveniently in school canteens/cafes/supermarkets? * Would students submit assignments on time if they were paid? * Are students with surnames beginning with A–G more likely to do their homework than students with surnames H–Z? * Any other idea of interest.   The following example is based on the first idea listed above.  **Experiment 1**  **Aim**  To investigate links between incentives and students’ rubbish disposal at school.  **Hypotheses**  ‘That the littering behaviour of students can be changed by using rewards’.  **Method**  **Subjects**  Subjects should be selected based on the research required. The focus is on fieldwork done by observation and then interviewing students who litter.  **Materials**   * pen and paper and/or laptop for documentation of observations, and/or * one survey for subjects to complete, and * rewards to be used in the experiment (for example, lollies, chocolates or $0.10 coins).   **Procedure**   * This fieldwork should be done over a week in various areas around the school. * Each student will observe and record the number of students who do and do not dispose of their rubbish correctly. * Day 1 and Day 2 are observations, recordings and interviews of only those that litter. * Day 3 and Day 4: Students who dispose of their rubbish correctly will receive a reward, for example a lolly. Students who litter should be surveyed. * Each day students should survey 5–10 students who do not dispose of their rubbish correctly. This means that each pair of students will have 50–100 sets of data to analyse. * Day 5 and Day 6 are observations and recordings to see if littering has decreased overall.   A standard procedure could be followed with each subject, for example:  1. Record your observations of the number of students who do put their rubbish in the bin and record those that do not put their rubbish in the bin. Target the students who litter.  2. Approach the potential student and say ‘I am an economics student doing a survey on economic behaviour for one of my school assessments, would you mind if I ask you a few short questions? This survey is entirely anonymous’.  3. If the subject indicates willingness to take part, ask the questions you have prepared.  4. Record the year level and gender and then say: ‘For each of these questions, could you please answer as best you can:  i. Why didn’t you put your rubbish in the bin?  Ii What would encourage you to do the right thing and put your rubbish in the bin?  Iii Could you please rank the following incentives (1 = most preferred and 6 = least preferred) to not litter from most appealing to least appealing:   * increasing the number of bins around the school * having signage near the bins * having footprints on the ground near bins that lead you to the bins * signs in and around the school that say ‘most students do the right thing and put their rubbish in bins’ * receiving a ‘non-financial’ reward (for example a lolly) each time you do the right thing * receiving a ‘financial’ reward (for example $0.10) each time you do the right thing.   **Results**  Students will work in pairs to pool their results and present their findings.  **Economic analyses**  **General questions to consider:**   * What factors other than incentives determine if students litter? (Punitive action by the school? Location of bins? Number of bins? Size of bins?) * Does the school have maintenance staff cleaning up after students? * Do students have environmentally friendly responsibilities such as cleaning rosters to look after the environment? * Is there a ‘no litter’ campaign in place?   **Specific economics questions to consider:**   * Who bears the cost of the negative externality (of littering) at your school? * What actual costs are involved in littering at your school? (bins, signs, wages, campaigns, yard-duty) * What economic costs and economic benefits are involved in using incentives to reduce littering? * Are incentives necessary to reduce littering? * Which incentive is more appealing: a financial reward or a non-financial reward?   **Conclusions**  Conclusions will relate to whether or not the hypotheses can be accepted. If it cannot be accepted, or is only correct in part, then a detailed explanation for the total or partial rejection should be given. Write a general conclusion. |

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| **Experiment 2**  **Aim**  To investigate links between a nudge and students’ rubbish disposal at school.  **Hypotheses**  ‘That students littering behaviour can be changed by using a simple litter-reducing approach’.  **Method**  **Subjects**  Subjects should be selected based on the research required. The focus is on fieldwork done by observation of students who litter and those that do not.  **Materials**   * pen and paper and/or laptop for documentation of observations, and * wrapped lollies * a large number of green footsteps cut out and adhered to the ground leading to bins around the school.   **Procedure**   * This fieldwork should be done over a week in various areas around the school. * Each student will observe and record the number of students who do and do not dispose of their rubbish correctly. * Day 1 to Day 3 are observations and recordings of those that litter and those that do not when free wrapped lollies are given out to students. * At the start of Day 4: place a number of large green footsteps on the ground (use self-adhesive material) that lead to bins in and around where students typically sit. * Day 4 and Day 5 are observations and recordings to see if the green footsteps encourage students who receive wrapped lollies to now place their wrapper in the bins.   **Results**  Students will work in pairs to pool their results and present their findings.  **Questions to consider:**   * Does litter attract more litter? Why is this the case? * Are the bins attractive? Are the bins easily seen? Are the bins well located? Are bins regularly emptied? Are there enough bins?   **Conclusions**  Conclusions will relate to whether or not the hypotheses can be accepted. If it cannot be accepted, or is only correct in part, then a detailed explanation for the total or partial rejection should be given. Write a general conclusion.  *(*Note: This experiment is adapted from an experiment led by Pelle Hansen and written up in *Green Nudge: Nudging Litter in to the Bin, Influencing Consumer Behaviour, Improving Regulatory Design,* Australian Government, The Department of Finance and Deregulation. p.65.) |

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| **Area of Study 2: Decision making in markets** | |
| **Outcome 2**: | **Examples of learning activities** |
| Explain the role of relative prices and other non-price factors in the allocation of resources in a market-based economy. | * play the ASX Sharemarket Game [www.asx.com.au/education/sharemarket-games.htm](http://www.asx.com.au/education/sharemarket-games.htm) * organise an excursion to see a market in action, e.g. a property auction, a fruit and vegetable market, a trash and treasure market, a wholesale fish or flower market, an agricultural market, a foreign exchange (dealing room), or any other relevant market * compare and contrast the workings of a perfectly competitive market with how markets operate in Australia * prepare a series of illustrations with captions on the non-price factors that can shift the demand curve and the supply curve * write a set of scenarios that could cause the demand and/or the supply curve to shift and then ask another student to draw the corresponding graphs, or prepare a set of demand and supply graphs with various shifts shown and ask another student to write a scenario that matches the graphs that are drawn * undertake a detailed case study of the operations of a market that is of particular interest to students in the local area/region * write a list of criticisms of Australia’s market capitalist economic system; discuss and debate these in class * debate the extent to which the assumptions of a perfectly competitive market hold true in Australia * write a news report about how a recent/current change in relative prices of a particular good or service have influenced resource allocation in Australia * complete a SWOT (strengths, weaknesses, opportunities and threats) analysis on a particular industry in Australia * study a range of industries in Australia to determine and then classify the extent of market power in that industry * prepare a set of A3 posters to illustrate the level of market power in different markets in Australia * debate the topic that ‘Australia has a high level of competition across most markets’ * visit interactive games websites to determine prices based on various random scenarios (e.g. Lemonade stand, Coffee shop) * investigate the degree of market power in a particular industry and then participate in a conference on the costs and benefits of market power in that industry |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **GROCERY INDUSTRY CASE STUDY AND CLASS CONFERENCE**  This group task aims to investigate the degree of market power in the grocery industry. The class is divided into five groups (depending on the number of supermarkets assigned for investigation), with three to five students per group. Each group is allocated a supermarket chain to investigate.  The Supermarkets to be investigated are:   * Woolworths * Coles * Aldi * Metcash (IGA) * Costco * any recent arrivals into the industry (for example, Lidl, Tesco, and others).   After researching their supermarket, each group should answer the questions below and then contribute to a class conference on the degree of market power in the grocery industry.  Questions to investigate:   * What are the strengths, weaknesses, opportunities and threats (SWOT) faced by the supermarket you are investigating? * How has the market share of this supermarket changed over the past 15 years? * Provide a brief history and detailed business profile of the supermarket. * Classify and describe the degree of market power in the grocery industry. * What actions do supermarkets take to limit competition and increase their market power? * Explain the costs and benefits of increased competition in the grocery industry. * What actions have been taken and could be taken by the Australian Government to decrease the extent of market power in the grocery industry?   Conference  This conference will require a double lesson to be scheduled. Following the investigations, each group will be asked to share their findings with the class. The conference should start with each group making a short presentation on the supermarket they researched. Following this, each of the above questions should be examined, with the discussion facilitated by the teacher. Students need to keep notes over the course of the presentations and discussions. At the end of the conference, students will need to edit their answers to the questions listed above and submit one copy per group to the teacher for assessment. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **CASE STUDY ON A MARKET**  **A. A class written report on a commodity market: minerals**  This class written report could be completed as group work with different groups allocated one or more of the sets of questions listed below. Once each group has completed their section, it should be collected, edited and then collated to form a class report on the mining sector.  Commodity markets: minerals  1. Define what is meant by the term ‘commodity’?  2. Name five Australian mining entrepreneurs and the top five mining companies in Australia.  Natural resources: minerals  3. On a map of Australia, research, identify and mark in the types of mineral deposits found in each state.  4. Research Australia’s global share of five different mineral deposits and outline your findings.  Scarcity  5. Draw up a table listing the current commodity prices of the key minerals found in Australia.  6. Select two of the minerals listed in your table and draw a graph showing the change in commodity prices for these two minerals over the past 20 years.  7. Discuss four reasons why prices vary between different minerals.  Level of competition in the mining industry  8. List the companies dominating the Australian mining sector.  9. Classify and justify the type of competition prevalent in the mining industry. Explain the features of this type of competition.  10. Discuss three demand and three supply non-price factors influencing the level of activity in the mining industry.  Factors influencing demand and supply in the mining industry  11. Research the mining industry’s contribution to Australia’s Gross Domestic Product (GDP - economic growth) in the past decade. Report on your findings.  12. Using the past two Australian Government budgets ([www.budget.gov.au](http://www.budget.gov.au)), list the various policy changes that impact directly on the mining industry (e.g. taxation, incentives, capital expenditure)  13. Discuss the impact of an appreciating Australian dollar on the price of Australian minerals.  14. Discuss the likely impact of the Reserve Bank of Australia (RBA) increasing the cash interest rate on mining industry investment.  15. Explain the impact of a labour skills shortage on mining sector growth.  16. Discuss the impact of decreased capital investment by the private sector.  17. Discuss the impact of the introduction of new or proposed government taxes on the mining sector.  18. Investigate and explain any correlation between China’s business cycle and key mineral prices.  **B. The property market**  Using the prompts listed below, students are to work in groups to investigate, prepare and present an oral presentation to the class on their findings. This presentation should use visual and written mediums.   * Describe the nature of this market (the type of good/service, its features, the size of market, its location). * Describe the operation of this market (how does buying and selling occur) and how is price determined? * Describe the characteristics of buyers and sellers in this market. * Describe the characteristics of sellers where real estate agents are used. * Interview at least ONE buyer of a property and ONE owner of a property who is selling and one real estate agent in this market. * Explain key non-price factors that influence demand for property in the local region and the supply of property in the local region. * Use demand and supply curves to show the effect (on price and quantity) of at least six non-price factors that influence demand and supply for property. * Explain the level of competition in this market in the local region. (Who are the competitors? How competitive is this market?) * Explain the influence of any sectors, groups or organisations in this market, for example government (local, state or federal – laws, regulations and taxes), boards, agencies, associations, for example Real Estate Institute of Victoria (REIV). * Discuss the key issue of ethical behaviour in this market. * Predict and justify the likely performance of the property market in the local region in the next six to twelve months. * Attend a property auction (if possible) and write a 300-word report on the procedures and outcome of the auction, as well as observations made. |

Unit 2: Contemporary economic issues

This unit focuses on fostering student understanding and appreciation of contemporary economic issues and debates.

Based on a semester of 16 to 18 weeks, Unit 2 allows time to sequence and build economic knowledge through formal teaching combined with an investigative and a case study approach. One way to divide the unit would be to spend 5 to 6 weeks on Area of Study 1   
and 4 weeks on Area of Study 2, with the remaining time of about 7 to 8 weeks on Area of Study 3. The suggested time allocation allows for teachers to integrate investigations and case studies across the teaching of each area of study or to schedule them after teaching all of the key knowledge and key skills.

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| **Area of Study 1: Economic growth, long-term economic prosperity and environmental sustainability** | |
| **Outcome 1**: | **Examples of learning activities** |
| Explain the factors and policies that may influence economic growth and environmental sustainability, and analyse the potential trade-off. | * undertake a ‘post-box’ activity; brainstorm understandings of the following key economic terms and concepts: economic growth, long-term economic prosperity, environmental sustainability, material and non-material living standards and trade-offs * conduct a class discussion explaining why there are always trade-offs associated with any economic decision * investigate and write a report outlining the ways economists measure economic growth, environmental sustainability, living standards and long-term economic prosperity; include an evaluation of the strengths and weaknesses of each measure in providing a complete picture of each of the areas that are being measured * create a visual that represents the meaning of this statement: ‘The economy is a wholly-owned subsidiary of the environment’ * prepare a report individually or in a group analysing the costs and benefits associated with rapid rates of economic growth; present the report orally as one of: a presentation to the class, a written report, a web-page or a poster * write a letter to the Australian Statistician at the Australian Bureau of Statistics (ABS) saying why Gross Domestic Product (GDP) does not provide a full or complete picture of economic growth * undertake a think, pair, share activity and list reasons why there might be a potential trade-off between the pursuit of economic growth and environmental sustainability * write up a number of scenarios that are likely to change levels of economic activity; predict the likely effects that these scenarios may have on economic growth, environmental sustainability, living standards and long-term economic prosperity; write up justifications for the predictions * illustrate the potential trade-off that exists between the pursuit of economic growth and environmental sustainability through the selection of a range of case studies sourced from the media * a recent newspaper article stated that ‘the theory that you have to pick either economic growth or environmental sustainability is ‘nonsense’ because innovation is the way you can have both’; write a letter to the editor of the newspaper stating why you agree or disagree with the view expressed * prepare a report for the Environment Minister recommending a range of policy actions to tackle the issue of climate change * case study: investigate and write a report on a business which demonstrates how they try to balance the trade-off associated with the growth of their business with environmental considerations * write a position paper for the Government outlining why Australia needs to be more innovative and make recommendations of policies that might encourage greater innovation * research recent Government policies (over the past 2 years) that have been implemented that aim to build Australia’s innovation * debate the topic that: ‘Economic growth is more important that environmental sustainability’ * undertake an investigation, an inquiry or a webquest into a current economic issue facing the Australian economy; illustrates the potential trade-off between the pursuit of economic growth and environmental sustainability; use a range of resources including primary statistical data, to develop a resource and reading list to prepare for a ‘hypothetical’/summit/ forum to be conducted around the issue; issues might include: tackling climate change; managing Victoria’s water resources; how to achieve strong and sustainable economic growth; Australia introducing the use of nuclear power plants to source electricity; tackling traffic congestion in urban centres such as Melbourne; investing in more road infrastructure in Melbourne rather than more rail infrastructure |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **POST-BOX ACTIVITY**  This activity draws on knowledge and understanding of the key concepts in this area of study and as such might be used as a pre-test activity.  (20 mins) Students write a response to each question on separate slips of paper.  1. What is economic growth?  2. What is environmental sustainability?  3. What is long-term economic prosperity?  4. What is the difference between material and non-material living standards?  5. In economics, what is meant by the idea of a ‘trade-off’?  6. What is your understanding of the relationship between economic growth and environmental sustainability?  Provide six ballot boxes or envelopes so that students can ‘post’ their responses into each numbered box or envelope.  (30 mins) Divide students into six groups. Each group is allocated one of the six ballot boxes of envelopes. Read all the answers written on the slips.  From this information, list all the key words used by the class in answer to these questions (such as needs, wants, resources, production, living standards) and summarise answers as presented by the class to the questions. From the summaries, come up with one response that devises a definition or answers the question. As a group, compare the response to ideas presented in textbooks. Present an accurate response to each question based on the research, then compare this answer to the answer presented earlier. In a table on the whiteboard, share responses with the class by writing a list of key words in the first column of the table and the answer to the question in the second column.  Draw a table with three columns on the whiteboard. Record each group’s responses: column one = key words; column two = class answers/responses to the questions; column three = official responses/definitions sourced from texts or online.  (20 mins) The class copies the table into their notebooks. Conduct a whole-class discussion to identify key terms; explain the meaning of economic growth, long-term economic prosperity, environmental sustainability, material and non-material living standards; explore relationships between these concepts and discuss the meaning and significance of the term trade-off. To conclude this activity, brainstorm reasons why economists may consider that there is a trade-off between the pursuit of economic growth and the achievement of environmental sustainability.  Follow-up activity:  Draw a concept map to illustrate understandings of the relationships between economic growth, long-term economic prosperity and environmental sustainability.  Write a question that could form the basis of further investigation following the ‘post-box’ activity. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **SCENARIO ANALYSIS**  For each of the following scenarios, write a report that predicts the likely effect/s on the rate of economic growth, environmental sustainability, living standards and long-term economic prosperity. Include a justification for each of the predictions in the report.  Examples of scenarios might include:   * A sustained fall in the price of oil. * Implementing lower rates of company tax. * Australia increases its immigration target from 150,000 migrants to 200,000 migrants entering Australia each year. * Following the abolition of the carbon tax there has been an acceleration in greenhouse gas emissions. * Research and development grants will be provided to businesses who research, develop and implement alternative, low emissions sources of energy. * Droughts over a number of years across rural Australia increase desertification. * The Government abolishes the policy of subsidies for solar panels for households in Australia. * There is an increase in excise taxes on petrol. * Businesses must purchase permits to emit carbon. |

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| **Area of Study 2: Economic efficiency and equity** | |
| **Outcome 2**: | **Examples of learning activities** |
| Explain the factors and policies that may influence equity in the distribution of income and efficiency of resource allocation, and analyse the potential trade-off. | * individually brainstorm a list of key concepts associated with equity and efficiency and write definitions of the brainstormed concepts; in pairs share the brainstorm and then identify two key concepts and draft up definitions of equity and efficiency based on the brainstorm and share with the class; as a class come up with a definition of equity and efficiency from the draft ideas presented by the pairs; for homework, assess the class devised definitions with those in textbooks * describe to someone unfamiliar with economics how the concept of efficiency is defined; include in the description the alternative ways economists use to explain efficiency including allocative, technical (productive), dynamic and inter-temporal * brainstorm and draw up a list of recent changes in economic conditions (such as a fall in petrol prices or a rise in the unemployment rate) or government policies (such as an increase in interest rates or a rise in the GST); for each change discuss how efficiency and equity outcomes may be affected * conduct a class discussion that explores the nature of the trade-off between equity and efficiency * devise a list of criteria that might be used to evaluate the degree to which Australia’s taxation and welfare system maybe considered to be equitable and efficient * role-play: Taxation and welfare summit: research the viewpoint of the role being played in the summit and prepare a three-minute summary of research findings, justifying the recommended policy reforms * write a report that outlines ways to measure the extent to which an economy has an equitable distribution of income and the extent to which an economy is achieving efficiency of resource allocation * think, pair, share activity: brainstorm different types of income; in pairs, classify these into three groups (earned, unearned and transfer), give the classified groups a name and definition and share results with class; pairs then compare definitions with textbook or online official definitions, noting any differences * use a range of case studies from a range of media sources to illustrate the potential trade-off that exists between the achievement of equity in the distribution of income and efficiency of resource allocation * the government is currently investigating ways to create greater equity in the distribution of income by reforming the taxation system and asks for recommendations; outline reasons why the following proposed changes will promote greater equity or contribute to higher levels of inequality * debate the topic that: ‘Inequalities of income are due entirely to differences in ownership of factors of production’ * imagine you have been commissioned to write an Economics Dictionary that defines key concepts and terms; write an entry for the Economics Dictionary which states the difference between equity in the distribution of income and equality in the distribution of income * use a range of online tools and applications to create an audio-visual display of data and information which outlines how income inequality in Australia is measured and shows trends in levels of income inequality in Australia over the past twenty years |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) |
| **ROLE-PLAY – TAXATION AND WELFARE REFORM SUMMIT**  The Australian Government has announced that they will be holding a taxation and welfare reform summit to debate the best ways to improve the equity and efficiency of the taxation and welfare system in Australia.  A number of delegates from around Australia have been invited to present at the summit. Students will be asked to select a role form the list below or alternatively they can negotiate another role that is not on the list with their teacher.  The Prime Minister  The Opposition Leader  The Treasurer  Minister for Social Services  Minister for Small Business  Minister for Employment  Minister for Women  President, Australian Council of Social Services (ACOSS)  President, Australian Council of Trade Unions (ACTU)  President, Business Council of Australia (BCA)  CEO, Small Business Association, Australia  President, Combined Pensioners and Superannuates Association (CPSA)  President and Chair, Australia’s Taxpayers Association  President, Australian Conservation Foundation (ACF)  President, Australian Bankers Association (ABA)  President, Australian Chamber of Commerce and Industry  President, Australian Shareholders Association  President, Export Council of Australia  Chair, Innovation Australia  Chair, National Disability Services  Students research their role using library and online sources. Prepare a report which summarises two or three recommendations which the delegate would recommend as policy reforms that would improve equity and/or efficiency. For example, it is likely that delegates representing the business sector may opt for lower levels of company tax.  The class is to attend the summit, with each student asked to present a two to three-minute summary of research findings, justifying the recommended policy reforms.  As the delegates present, the class are asked to list the recommended policy changes and consider one way that each proposed change would influence equity and/or efficiency.  At the end of the presentations, delegates are given time to identify their top three policy changes and write a brief rationale about why they have selected these policies. Following this, the class will use an app such as Poll Everywhere to vote on their top three changes. |

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| **Area of Study 3: Global economic issues** | |
| **Outcome 3**: | **Examples of learning activities** |
| Explain the factors that may influence a global economic issue/s and evaluate potential consequences associated with actions to address the issue/s. | * use Plus, Minus, Interesting (PMI) or Positives, Negatives, Questions (PNQ) charts to evaluate students’ prior knowledge and engagement with contemporary global economic issues; the ‘interesting’ aspects or questions generated may signpost the global issues to be explored in this area of study * as a class brainstorm a number of global economic issues that are currently of concern and/or that the class would like to understand more about; write a list on the board; use an app such as Poll Everywhere to survey the class about which three issues form the list they are most interested in finding more out about * develop and conduct a survey to find out the sorts of global economic issues that are high on the agenda of students’ peers, their parents’ peers and their grandparents’ peers; use tools such as Excel to represent the survey findings in graphs and charts; compare findings with the list in the last activity drawn up by the class; discuss why there may be similarities and differences * produce a report and presentation of an inquiry/investigation into a global economic issue, evaluating potential consequences associated with actions to address the issue * simulate a meeting of an international organisation such as the United Nations, World Trade Organization or International Monetary Fund to solve an economic problem such as the economic collapse of a country or region, an environmental issue or a trade issue * after studying a global issue and evaluating potential consequences associated with actions to address the issue, students express their views about the issue by taking action through an authentic assessment task * Australia’s Foreign Aid budget is forecast to be 0.22% of Gross National Income in 2017–18, the lowest level in Australia’s history; write a persuasive essay that supports the government’s stance to reduce levels of aid or argues that Australia should increase the levels of aid to be at least equal to the historical averages in the 1990s |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **A REPORT OF AN INQUIRY/INVESTIGATION INTO A GLOBAL ECONOMIC ISSUE, EVALUATING POTENTIAL CONSEQUENCES ASSOCIATED WITH ACTIONS TO ADDRESS THE ISSUE**  Students are allocated a range of topics. These may be selected from the list provided in the study design or may include other global economic issues selected by the teacher or student. Teachers could discuss with students what topics are most relevant to them through generating focus questions and/or linking to current media debates.  Students may undertake the selected inquiry/investigation individually or in pairs. Students should use some or all of the steps below as a way to scaffold their research and write up the report. Following the completion of the research and the preparation of the report, students present their findings and convey to their class colleagues the key knowledge and understanding they have learned by undertaking the activity. Students may select the presentation format for their findings, such as preparing an oral presentation using Powerpoint or Prezi or using screen casting software such as Screencast-o-matic, Jing, Camtasia to capture key findings in a video.  Steps in the process might include:  1. Describe the reasons why this issue is of importance in the global economy; that is, discuss the ‘point of investigating the issue/problem’ by identifying the main players involved in the issue/problem. Discuss the motives, values and relative power base related to the individuals or groups involved, the reasons for these ‘players’ to be involved in the issue/problem and their goals in relation to the issue/problem. Describe the strategies used by the players and discuss how the players try to exert influence on the issue/problem.  2. Gather and evaluate data relevant to the topic. This data could include primary sources (statistics, surveys) or secondary sources (texts, newspaper articles, internet sources including websites, YouTube, Gapminder).  3. Establish appropriate evidence and sources to analyse the issue/problem using a cost/benefit approach.  4. Evaluate potential consequences associated with actions to address the issue or problem.  Follow-up activities:  Students present findings to the class.  Students undertake a written reflective activity which relates understandings about new learning that has been developed and/or discusses how their learning of economics has been enhanced, influenced, changed, enriched by learning about this topic and the topics presented by their class mates. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **AN AUTHENTIC ASSESSMENT ACTIVITY**  After studying a global issue and evaluating potential consequences associated with actions to address the issue, students express their views about the issue by taking a follow-up action.  The sorts of activities that might be examples of taking action could include: writing letters to the editor of a newspaper outlining their opinions related to the issue; writing letters to relevant members of parliament; setting up a website/blog to ‘publicise’ and educate a wider audience about the issue; showing a video and/or presenting recommendations for action about the issue to a school assembly or to the school council. |

Unit 3: Australia’s economic prosperity

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| **Area of Study 1: An introduction to microeconomics: the market system, resource allocation and government intervention** | |
| **Outcome 1**: | **Examples of learning activities** |
| Explain how markets operate to allocate resources, and discuss the effect of government intervention on market outcomes. | * use examples from personal experience to explain the concepts of relative scarcity and opportunity cost * use hypothetical data to construct a production possibilities curve diagram and annotate the diagram to show the following concepts: productive capacity, productive efficiency, opportunity cost/trade-offs, unemployment etc. * use a textbook resource to create retrieval charts comparing the laws of demand and supply, and the factors affecting demand and supply; a retrieval chart is a useful tool for comparing the key ideas in a range of media sources such as textbooks, articles and websites * conduct a ‘demand auction’ and a ‘supply auction’ to introduce the laws of demand and supply * use a table listing success criteria to evaluate three written responses to the question: ‘Explain how a change in relative prices might result in a reallocation of resources’; the list of criteria could include: looking at factors affecting either demand and supply, relative prices, price signals, profit motive, type of resources, and reallocation of resources; the three responses should be of varying quality: high, medium and low; upon completion hold a class discussion focusing on the strengths and/or weaknesses of each written response  |  |  |  |  | | --- | --- | --- | --- | | **Success criteria: *what I’m looking for* in reference to…** | **Sample A: tick (✓) if evident.** | **Sample B: tick (✓) f evident.** | **Sample C: tick (✓) if evident.** | | Markets: demand and supply. |  |  |  | | Anexample to illustrate the theory, supported by a factor affecting demand or a factor affecting supply. |  |  |  | | Relative prices. |  |  |  | | Price signals. |  |  |  | | Profit motive. |  |  |  | | Resource (ypes). |  |  |  | | Reallocation of resources. |  |  |  |  * re-write noteworthy quotes about markets by influential economic thinkers from the past, such as Adam Smith (1723–90), use modern language and contemporary examples; share the re-written quotes with the class * become familiar with the concept of the law of unintended consequences by completing a short case study; research a domestic or international example of the law of unintended consequences in action and present findings to the class * evaluate the statement ‘Competitive markets are the best way to allocate resources in an economy’;post signs with Strongly disagree, Disagree, Agree and Strongly agree in the corners of the room; move to the corner of the room which most reflects each student’s opinion on the statement; pair up students from different corners and take turns to explain and justify their point of view * use demand and supply diagrams to analyse a range of market scenarios * create a PowerPoint presentation containing images of private goods (for example bottled water, a pair of jeans, AFL tickets, PS4 games) and public goods (for example national defence, street lighting, flood control systems, fireworks); use understanding of the respective characteristics of both types of goods to identify and justify which goods are private goods and which goods are public goods * create a Venn diagram to highlight the similarities and differences between public goods and common access resources * read accounts of market failure to the class; for instance, the book *Superfreakonomics* has the example of the LoJack anti-theft device for cars to illustrate the concept of positive externalities (pp. 173–175) and *The Armchair Economist* uses the example of moral hazard in insurance markets to illustrate the concept of asymmetric information (pp. 20–22) * present groups of three or four with an ‘artefact’ (good) that results in negative externalities; groups use the artefact to complete a *See-Think-Wonder* *visible thinking routine;* groups respond to the prompts and begin to appreciate the costs imposed on third parties * use Pear Deck to create an interactive slideshow on the meaning and significance of the price elasticity of demand and price elasticity of supply, along with the factors affecting the price elasticity of demand and the factors affecting the price elasticity of supply; the interactive elements can include draggables, drawing, free text response, free number response, multiple choice etc. * small groups are each presented with one source of market failure: public goods, positive externalities, negative externalities, asymmetric information and common access resources; each group is to investigate their source of market failure using the following to scaffold their research * explain the nature of the source of market failure * explain the impact of the source of market failure on the allocation of resources; that is, does it lead to an over-allocation or under-allocation of resources? Clear links also need to be made to the impact on living standards * provide examples of the source of market failure * outline government policy actions to address the source of market failure; e.g. indirect taxation, subsidies, government regulation and government advertising * each group uses their findings to prepare a class presentation using ICT such as PowerPoint, Prezi and Keynote |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **DEMAND AND SUPPLY AUCTIONS**  *Demand-related auction: chocolate bar.*  Bring a chocolate bar to class and ask students: ‘who is willing and able to buy this chocolate bar for…(see prices in the table below)?’  Ask a student to record the findings in a table on the whiteboard, like the one below  *Demand schedule*   |  |  | | --- | --- | | **P** | **QS** | | 0.10 |  | | 0.50 |  | | 1.00 |  | | 1.50 |  | | 2.00 |  | | 2.50 |  | | 3.00 |  | | 3.50 |  | | 4.00 |  | | 6.00 |  |   Ask a student to plot a *demand curve* on the whiteboard using the data from the auction.  Upon the completion of the auction make the following points:   * Demand indicates a willingness and ability to purchase goods and services * The *Law of Demand* predicts that as the price of a good or service increases, the total quantity demanded decreases and as the price decreases the total quantity demanded increases. Thus, there is an inverse relationship between quantity demanded and price.   Supply related auction: Car Wash (for example, cleaning a car inside and out).  Show students an image of a dirty car.  Ask students ‘who is willing and able to wash the car for…’ (see prices in the table below)?  Ask a student to record the findings in a table on the whiteboard, like the one below.  *Supply schedule*   |  |  | | --- | --- | | **P** | **QS** | | 1.00 |  | | 2.00 |  | | 5.00 |  | | 10.00 |  | | 15.00 |  | | 20.00 |  | | 30.00 |  | | 40.00 |  | | 50.00 |  | | 100.00 |  |   Ask a student to plot a *supply curve* on the whiteboard using the data from the auction.  Upon the completion of the auction make the following points:   * Supply indicates a willingness and an ability to supply goods and services. * The *Law of Supply* predicts that as the price of a good or service increases, the total quantity supplied increases, and when the price decreases the total quantity supplied decreases. Thus, there is a positive relationship between quantity supplied and price. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **CASE STUDY AND SHORT PRESENTATION ON THE LAW OF UNINTENDED CONSEQUENCES**  Case study  Jakarta, Indonesia’s capital city, is renowned for its epic traffic jams. In response to this problem, the city’s authorities introduced high occupancy 3-in-1 lanes to encourage carpooling. To use these lanes a vehicle must have at least three occupants: the driver and at least two passengers. However, this initiative made no difference to Jakarta’s congestion problems. In fact, the gridlock on the city’s streets continued to worsen.  This is because the introduction of 3-in-1 high occupancy lanes inadvertently gave birth to a ‘new profession’ – jockeys. A jockey is basically an extra passenger, who for a small fee, help commuters bypass Jakarta’s carpooling rules.  The people joining this ‘new profession’ are Jakarta’s poor. They line the major roads leading to Jakarta’s central business district and signal their availability to approaching cars by slightly raising their index finger.  For Jakarta’s poor being a jockey provides them and their families with a valuable source of income. Some commentators have suggested that the payments made to jockeys are essentially an informal system of social security where Jakarta’s more affluent citizens, who can afford to own a car, get a feeling of satisfaction from helping out their not-so-well-off fellow citizens.  Despite the best intentions of the city’s authorities it looks like Jakarta’s traffic woes are to set to continue, further damaging efficiency in terms of time lost spent in traffic and fuel use.  Further information can be found at: [www.nytimes.com/2009/05/13/world/asia/13indo.html?\_r=0](http://www.nytimes.com/2009/05/13/world/asia/13indo.html?_r=0)  *Questions*  1. Use a textbook to define the law of unintended consequences.  2. Explain how the information presented in the case study highlights the law of unintended consequences.  3. Evaluate whether Jakarta’s authorities could have foreseen the birth of the ‘new profession’ of jockeys.  4. ‘Jockeys are only one factor that have contributed to Jakarta’s epic traffic jams.’ Investigate this proposition and discuss.  5. Research two other examples of the law of unintended consequences and present findings to the class. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **3** |
| **DEMAND AND SUPPLY ANALYSIS**  The famous English economist Alfred Marshall who popularised demand and supply curves, once quipped  *“We might as well reasonably dispute whether it is the upper or under blade of a pair of scissors that cuts a piece of paper, as whether value is governed by demand or supply”.*  In other words, it is the interaction of demand *and* supply that determines the prices of goods and services, along with the quantities traded in all types of markets.  *Step-by-step demand and supply analysis*  Alfred Marshall’s profound insight that demand and supply *together* determine a market’s equilibrium can be illustrated using demand and supply diagrams. The equilibrium price and quantity traded depend on the positions of the demand and supply curves. When some event (i.e. a factor other than price) shifts one of these curves, the result will be a new equilibrium price and quantity traded in the market.  When analysing how a factor affects the equilibrium in a market, apply the following steps.  1. Decide whether the factor shifts the demand curve or the supply curve.  2. Decide which direction the curve shifts:   * a shift of the demand curve to the right shows an increase in the demand for the good or service at each and every price level * a shift of the demand curve to the left shows a decrease in the demand for the good or service at each and every price level * a shift of the supply curve to the right shows an increase in the supply of the good or service at each and every price level * a shift of the supply curve to the left shows a decrease in the supply of the good or service at each and every price level.   3. Determine whether the shift in the relevant curve results in a shortage (QD>QS) or surplus (QS>QD) of the good or service at the initial equilibrium price. This is done by comparing the position of the curve, which has shifted with the curve that has not shifted. A shortage exerts upwards pressure on price, while a surplus exerts downward pressure on price.  4. Determine how the quantity demanded and quantity supplied respond to the pressure on price.   * a contraction in the quantity demanded, shown as an upward movement along the downward sloping demand curve * an expansion in the quantity demanded, shown as a downward movement along the downward sloping demand curve * a contraction in the quantity supplied, shown as a downward movement along the upward sloping supply curve * an expansion in the quantity supplied, shown as an upward movement along the upward sloping supply curve.   5. Use the demand and supply diagram to see how the shift in demand or supply changes equilibrium price and quantity traded. This involves comparing the initial and new market equilibrium.  **Worked examples**  **A change in the market equilibrium due to an increase in demand**  Let’s assume that the price of hotdogs fell by 30%. How might this event affect the price of tomato sauce? To answer this question we need to apply the five steps outlined above.  1. The decrease in the price of hotdogs affects the demand for tomato sauce because tomato sauce is a complementary good. That is, tomato sauce is consumed with hotdogs. This will affect the amount of tomato sauce that consumers demand at each and every price level.  2. Because hotdogs are cheaper consumers eat more of them, leading to an increase in demand for the complementary good too – tomato sauce. This can be illustrated in Fig. 1 as a shift of the demand curve to the right from D1 to D2. This shift indicates an increase in demand for tomato sauce at each and every price level.  3. The shift in the demand curve for tomato sauce from D1 to D2 results in a temporary shortage of tomato sauce at the initial equilibrium price of P1 as D2 and S1 are not equally matched. This is illustrated as the distance between QD and QS/Q1.  4. This shortage exerts upward pressure on the price of tomato sauce, resulting in a contraction in the QD (upward movement along the new demand curve, D2) and an expansion in the QS (upward movement along S1) until a new equilibrium price is reached.  As Fig. 1 shows, the increase in demand raises the equilibrium price from P1 to P2 and the quantity traded from Q1 to Q2. In other words, the decrease in the price of hotdogs results in an increase in the price of tomato sauce and an increase in the quantity of tomato sauce traded.  4. Results in a higher price…  0  D1  D2  Price  Quantity  QS/Q1  P2  P1  Q2  5… and a higher quantity traded.   1. The decrease in the price of hotdogs increases the demand for tomato sauce.   **Fig 1: Market for tomato sauce**  QD   1. A temporary shortage of tomato sauce occurs, placing upward pressure on price. 2. QD contracts and QS expands to ‘clear’ the shortage of tomato sauce.   S1  **Explanation of how an increase in demand affects the equilibrium**  An event that increases demand at each and every price level shifts the demand curve to the right. The equilibrium price and the quantity traded both increase. In this example, a drop in the price of hotdogs causes consumers to demand more of the complementary product – tomato sauce. Graphically, the demand curve shifts from D1 to D2. At the initial price P1, a shortage will occur; that is, QD>QS/Q1. This shortage will cause the equilibrium price to increase from P1 to P2. This signals to producers to allocate more resources to the production of tomato sauce, shown as an upward movement along the supply curve, i.e. an expansion in the quantity supplied. As a result of the higher price, some consumers will ‘drop out’ of the market, while others will cut back on their purchases. This is shown as an upward movement along the demand curve, i.e. a contraction in quantity demanded. The outcome is an increase in the quantity traded from Q1 to Q2, eliminating the shortage. |

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| **A change in the market equilibrium due to a decrease in supply**  In February 2011, Cyclone Yasi destroyed Queensland’s banana crops, driving up the price of bananas. Once again, simply follow the five steps for the purpose of analysing this event.  1. Adverse climatic conditions like tropical cyclones affect the supply curve. The damage wrought by Cyclone Yasi on Queensland’s banana plantations reduced the amount of bananas that banana growers could harvest and sell at each and every price level.  2. The supply curve shifts to the left because, at each and every price level, the total amount that banana growers are willing and able to produce is reduced. Figure 2 illustrates this decrease in supply as a shift of the supply curve from S1 to S2.  3. The shift of the supply curve for bananas from S1 to S2 results in a temporary shortage of bananas at the initial equilibrium price of P1 as S2 and D1 are not equally matched. This is illustrated as the distance between QS and QD/Q1.  4. This shortage exerts upward pressure on the price of bananas, resulting in a contraction in the QD (upward movement along D1) and an expansion in the QS (upward movement along the new supply curve, S2) until a new equilibrium price is reached.  5. As Figure 2 shows, the shift in the supply curve raises the equilibrium price from P1 to P2 and lowers the quantity traded from Q1 to Q2. In other words, the price of bananas increases and the quantity traded falls.  4. Results in a higher price for bananas…  0  D1  S1  Price  Quantity  QD/Q1  P2  P1  Q2  5… and a lower quantity traded.  1. Adverse climate conditions reduce the supply of bananas….  **Fig. 2: Market for bananas**  S2  QS  2. QD contracts and QS expands  to ‘clear’ the shortage of bananas.  3. A temporary shortage of bananas occurs, placing upward pressure on price.  **Explanation of how a decrease in supply affects the equilibrium**  An event that decreases supply at each and every price level shifts the supply curve to the left. The equilibrium price increases and the quantity traded decreases. In this example, adverse climatic conditions cause banana growers to supply fewer bananas. Graphically, the supply curve shifts from S1 to S2. At the initial price P1, a shortage will occur; that is, QS<QD/Q1. This shortage will cause the equilibrium price to rise from P1 to P2. In response to the higher price, consumers will demand smaller quantities of bananas. This is shown as an upward movement along the demand curve, i.e. a contraction in the quantity demanded. On the other hand, the higher price will signal to producers to allocate more resources to the production of bananas, shown as an upward movement along the supply curve, i.e. an expansion in the quantity supplied. The outcome is an increase in the quantity traded from Q1 to Q2, eliminating the shortage.  For each of the following scenarios, sketch fully labelled and annotated demand and supply graphs showing how equilibrium prices and quantities traded in the market adjust. Describe what is shown in each sketch.  *Scenario 1*  The impact of a ‘baby boom’ on the market for infant formula (powdered milk).  *Scenario 2*  The impact of a carbon tax levied at $23 per tonne of CO2 on the market for electricity that is generated from burning brown coal.  *Scenario 3*  The impact of an increase in consumer confidence on the market for hotel accommodation.  *Scenario 4*  The impact of improved labour productivity on the market for laptop computers.  *Scenario 5*  The impact of a decrease in the price of petrol on the market for large 4WD vehicles.  *Scenario 6*  The impact of an increase in the price of sushi on the market for soy sauce.  *Scenario 7*  The impact of an ageing population (an increase in the proportion of the population aged 65+) on the market for mobility aids, e.g. walking frames.  *Scenario 8*  The impact of a payment of a government subsidy to canneries on the market for tinned fruit.  *Scenario 9*  The impact of an increase in the size of the population on the market for housing.  *Scenario 10*  The impact of new and better manufacturing technology on the market for white goods (e.g. dishwashers, washing machines, refrigerators etc.).  *Scenario 11*  The impact of an increase in wages paid to car manufacturing workers on the market for cars.  *Scenario 12*  The impact of a decrease in household disposable income on the market for takeaway cups of coffee.  *Scenario 13*  The impact of an increase in interest rates on the market for housing.  *Scenario 14*  The impact of widespread bushfires on agricultural markets, e.g. grains.  *Scenario 15*  The impact on the market for locally manufactured cars of a shift in consumer preferences to imported (foreign-made) cars.  *Scenario 16*  The impact on the market for alcohol of a government decision to increase the rate of excise tax on alcoholic beverages. |

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| **Area of Study 2: Domestic macroeconomic goals** | |
| **Outcome 2**: | **Examples of learning activities** |
| Analyse key contemporary factors that may have influenced the Australian Government’s domestic macroeconomic goals over the past two years and discuss how achievement of these goals may affect living standards. | * undertake a scaffolded writing task on the factors affecting aggregate demand and aggregate supply, and thus the domestic macroeconomic goals * complete a classification task on the types of unemployment * write a 1000-word essay on the consequences of a high inflation rate for the economy * define the three domestic macroeconomic goals and use data from the RBA website and/or the ABS website to track their performance over the course of the year * draw a five-sector circular flow model and show the connections and relationships between each of the sectors * draw fully labelled AD/AS diagrams to illustrate how the following factors are likely to influence the position of the AD curve and note the implications for production, employment and the general price level * an increase in disposable income * a collapse in consumer confidence * an appreciation in the exchange rate * stronger business confidence * a slowdown in rates of economic growth overseas * a decrease in interest rates * draw AD/AS diagrams to illustrate how the following factors are likely to influence the position of the AS curve and note the implications for production, employment and the general price level * negative productivity growth * a depreciation of the exchange rate * a sharp rise in wage costs * adverse climatic events e.g. floods, cyclones * significant investment in education and training * investment in new infrastructure * technological advancements * an ageing population resulting in a decline in the participation rate * annotate a business cycle diagram; the annotations should focus on the macroeconomic conditions that are typically observed during each phase * create two tables to summarise the factors influencing the level of aggregate demand and aggregate supply, in the first table list the factors influencing the level of aggregate demand and explain how each factor can influence inflation, economic growth, the unemployment rate and living standards; in the second table repeat the process for aggregate supply factors * create a mind map on the consequences of unemployment * use up-to-date ABS data on the number of persons unemployed, the number of persons employed and the number of persons above the age of 15 to calculate the unemployment rate, the employment rate and the participation rate * prepare a set of structured responses analysing the relationship between the following pairs of terms. * the unemployment rate and the participation rate * the unemployment rate and the labour force underutilisation rate * underemployment and the labour force underutilisation rate * hidden unemployment and the unemployment rate * hidden unemployment and the participation rate * complete a *Think, Pair, Share visible thinking routine* on the reasons for pursuing strong and sustainable economic growth. * study a line graph featuring Australia’s headline inflation rate (CPI) and the underlying rate of inflation; use your understanding of these two measures to provide possible reasons for any observable differences. * create a role-play between a student of economics and a professor of economics on the difference between demand inflation and cost inflation and their respective causes. * Distribute the key knowledge points from Area of Study 2 equally among several groups; each group uses the key knowledge points to devise a mix of multiple-choice and written response questions; all questions are submitted to the teacher to vet and collate, prior to being made available to the class; ideally, this task should be done at the end of the teaching and learning sequence for Area of Study 2 but prior to Outcome 2 * create meaningful metaphors for key economic concepts from Area of Study 2, such as the business cycle, inflation, structural unemployment; the metaphor must have at least five or six appropriate attributes to be considered meaningful, e.g. the Scottish poet, Robert Burns used the metaphor of a rose to explain the concept of love as they share a number of attributes: need nurturing, are beautiful, are prickly, can die and block out sadness |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **SCAFFOLDED WRITING TASK FOR AGGREGATE DEMAND AND AGGREGATE SUPPLY FACTORS**  Students use the following scaffolds to practice writing well-structured responses on the factors affecting aggregate demand and aggregate supply, and thus the domestic macroeconomic goals.  Scaffold for factors affecting aggregate demand:  1. Examine recent data (for example, a graph or table) on a factor affecting aggregate demand (for example consumer confidence as measured by the Westpac-Melbourne Institute index of consumer sentiment).  2. Explain the nature of the factor (for example, ‘Consumer confidence refers to…’) and note whether the change in the factor is favourable or unfavourable (i.e. an increase or a decrease in consumer confidence).  3. Make the ceteris paribus assumption (‘all other things equal’, ‘everything else held constant’).  4. Identify the component (for example, C, I etc.) of aggregate demand (AD) affected and note the direction of the change.  5. Link the component to aggregate demand (AD) and note the direction of the change.  6. Explain the effect on the domestic macroeconomic goal of, for example, full employment. That is, is the unemployment rate likely to rise compared to the previous period or is it likely to fall?  7. Provide a supporting statistical example.  Scaffold for factors affecting aggregate supply:  1. Examine recent data (for example, a graph or table) on a factor affecting aggregate supply (for example, labour productivity as measured by GDP per hour worked).  2. Explain the nature of the factor (for example, ‘Labour productivity refers to…’) noting whether the change in the factor is favourable or unfavourable (i.e. an increase or a decrease in labour productivity).  3. Make the ceteris paribus assumption (‘all other things equal’, ‘everything else held constant’).  4. Explain how the change in the factor is likely to affect the *willingness and/or ability* of producers to supply goods and services. For example, an increase in labour productivity improves the willingness and/or ability of producers to supply goods and services as labour resources can now produce more goods and services per hour worked.  5. Make the link to aggregate supply (AS) and note the direction of the change.  6. Explain the effect on the domestic macroeconomic goal of, for example, strong and sustainable economic growth. That is, is the rate of economic growth as measured by Real GDP likely to increase compared to the previous period or is the rate of economic growth likely to slow?  7. Provide a supporting statistical example. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **CLASSIFICATION TASK ON THE TYPES OF UNEMPLOYMENT**  Explain the five types of unemployment and make the distinction between the natural types of unemployment and cyclical unemployment.  Post the following signs at various intervals around the classroom walls.   * CYCLICAL UNEMPLOYMENT * STRUCTURAL UNEMPLOYMENT * HARD-CORE UNEMPLOYMENT * SEASONAL UNEMPLOYMENT * FRICTIONAL UNEMPLOYMENT   Distribute one scenario (see below) to each student and ask them to consider the type of unemployment depicted in the scenario. Instruct students to move to the sign that best reflects the type of unemployment in the scenario they have been given. Ask each student to read out the scenario and to justify why they chose that type of unemployment.  In the event of an incorrect choice, explain why it is not correct and ask the student to move to the correct sign.  *Scenario 1*  John used to work at BHP’s steel foundry in Newcastle, on the northern coast of NSW. He was laid off when the management of BHP took the strategic decision to close the Newcastle facility as part of a restructuring process designed to lift efficiency and boost profitability.  *Scenario 2*  Kenny worked in a Video Ezy store. It closed down last year due to an increase in digital downloads from online providers like Netflix. He has been unemployed ever since.  *Scenario 3*  Enrique, a bricklayer was laid off because of a downturn in the housing industry caused by high interest rates.  *Scenario 4*  Michelle was employed as a physical education instructor at a beach resort but has no work in winter.  *Scenario 5*  Betty worked as a conductor on Melbourne’s trams. She lost her job when the State Government introduced electronic ticketing machines to improve the financial performance of the MET prior to privatisation.  *Scenario 6*  Penny is finding it very difficult to find a job because of her on-going battle with her heroin addiction.  *Scenario 7*  Nicky used to work at Coles Group’s head office. She lost her job when the management of Coles decided to downsize (cut back on staff) to improve their cost effectiveness.  *Scenario 8*  Stella lost her job at Pacific Brands (Bonds), a manufacturer of under-garments, as a result of their decision to relocate to China where labour costs are lower. She blames the Australian Government and their policy of cutting tariffs on imported textiles, clothing and footwear.  *Scenario 9*  Benny used to work at Mitsubishi’s car assembly plant in Adelaide. He lost his job when the management of Mitsubishi made the decision to cease manufacturing cars in Australia as a result of the Australian Government’s ongoing program of phasing out tariffs on imported cars.  *Scenario 10*  Liv left her previous job and is starting in a new position next month.  *Scenario 11*  Phoebe lost her job as an export clerk as a result of a slump in demand for Australian exports due to the Asian Financial Crisis.  *Scenario 12*  Farrah lost her job as a shoes salesperson. When asked why she lost her job, she replied ‘if people lack confidence in the state of the economy, they don’t spend and it means that I’m out of a job’.  *Scenario 13*  Anthony, an actor, just finished appearing in a play at the Universal Theatre. In about five weeks’ time he will start rehearsals for a musical to be performed at the Princess Theatre.  *Scenario 14*  Monique’s five months employment as a ski-instructor at Falls Creek has come to an end.  *Scenario* 15  Patrick used to work in a small country branch of the ANZ. He lost his job when they closed the branch as part of their policy of rationalising their existing operations.  *Scenario 16*  Kelly lost her job as a mail sorter at Australia Post when they introduced Optical Character Readers (OCRs).  *Scenario 17*  Roy left his job as a teacher in an outer suburban school for a new teaching position in an inner city school starting next term. He wants to be closer to home.  *Scenario 18*  Luke, a public servant, took a redundancy package as a result of efficiency reforms initiated by the State Government.  *Scenario 19*  Pamela lost her job at a clothing boutique as a result of a massive decline in retail spending.  *Scenario 20*  Fiona lost her job as an electronics goods salesperson in a city store when it went bankrupt. She blames the weak state of the economy for her situation.  *Scenario 21*  Paul lost his job because of the Global Financial Crisis (GFC) and the recession like conditions that it led to in the Australian economy. |

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| **Area of Study 3: Australia and the world economy** | |
| **Outcome 3**: | **Examples of learning activities** |
| Explain the factors that may influence Australia’s international transactions and evaluate how international transactions and trade liberalisation may influence the current account balance, the Australian Government’s domestic macroeconomic goals and living standards in Australia. | * complete a set of applied economics exercises on the terms of trade * use screencasting software such as Screencast-o-matic to create a screencast on the balance of payments and its components, the relationship between the current account and capital and financial account, and the difference between credit and debit transactions * watch the screencast outside of class time and complete a set of applied economics exercises to test understanding of the concepts covered; they bring the completed exercises to class to swap them with a classmate; review the answers to the applied economics exercises to enable peer correction and to facilitate class discussion on balance of payments concepts * sit a short test consisting of multiple-choice questions on the Balance of Payments (BOP) based on past VCAA VCE Economics Examination questions under test conditions * create an A to Z of the Balance of Payments * write the letters of the alphabet down the left-hand side of an A4 sheet of paper * for each letter identify a term/idea relevant to the BOP and explain it * e.g. Z is for ZERO: the BOP always equals ZERO (0); that is, a Current Account Deficit (CAD) is offset by a Capital and Financial Account Surplus of equal size * create a concept map exploring the relationship between the current account deficit, capital and financial account surplus, net foreign debt and net foreign equities * conduct an Oxford Union style debate on the proposition that ‘Australia’s net foreign debt doesn’t really matter’ * students express their point of view on an economic issue both before and after they have learned about the issue on a human agreement line, which is a continuum with the verb *agree* at one end, and the verb *disagree* at the opposite end * create a physical or digital human agreement line (using an app like Padlet); pose the question that: ‘it is the composition – private or public – of Australia’s foreign debt that really matters’; students outline their opinion on this issue by posting their point of view on the human agreement line * repeat the human agreement line activity after the sequence of teaching and learning on the causes and composition of Australia’s net foreign debt; follow this up with a class discussion on why some students changed their opinions and why other students maintained their points of view * use the US Fed Funds rate graph and the RBA cash rate graph to describe the trend in both variables over the period shown; predict and explain the likely impact of these trends on the value of the Australian dollar * use an online source, such as [www.tradingeconomics.com](http://www.tradingeconomics.com) to determine the accuracy of their predictions; if a prediction cannot be reconciled with the observable trend in the value of the Australian dollar, use their knowledge of factors other than interest rate differentials to explain movements in the value of the Australian dollar over the period shown * undertake a sequencing strips activity on how interest rate differentials may influence the value of the Australian dollar * analyse a number of cartoons on the issue of trade liberalisation to develop an appreciation of alternative perspectives on the issue; when analysing the cartoons pay particular attention to the colour, size, labelling, speech bubbles, symbols, focus, angle, tone, facial expression and context * allocate to small groups a factor affecting the value of the exchange rate, that is, relative interest rates, demand for exports and imports, capital flows (capital inflows and capital outflows), the terms of trade and relative rates of inflation; each group is to research their factor using the following to scaffold their research: * explain the nature of the factor * explain how the factor affects the demand and/or supply of the Australian dollar in the FOREX market * following the group’s research, the group is to make a podcast as a record of their findings; groups then share their podcasts so that every student has access to the completed research on all of the factors affecting the exchange rate * the same small group learning activity can be repeated for the factors influencing Australia’s international competitiveness; assign one of the following factors to each group: productivity, production costs, availability of natural resources, exchange rates and relative rates of inflation * groups of four complete a jigsaw task investigating the effects of trade liberalisation, given each student a number 1 to 4; the class then move to ‘expert’ groups which are made up of all the students with the number 1 in one group, all students with the number 2 in another group and so on, until there are four expert groups; each expert group will then complete the following: * expert group 1 investigates the effect of trade liberalisation on the domestic macroeconomic goal of low inflation * expert group 2 investigates the effect of trade liberalisation on the domestic macroeconomic goal of strong and sustainable economic growth * expert group 3 investigates the effect of trade liberalisation on the domestic macroeconomic goal of full employment * expert group 4 investigates the effect of trade liberalisation on Australian living standards * following the investigation, each expert returns to their home group and ‘teaches’ the other members of their group about the effect of trade liberalisation they have been assigned; they must also provide a copy of written notes about their expert area for each member of their home group and set a short quiz to test each member’s understanding of their expert area |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **APPLIED ECONOMICS EXERCISES ON THE TERMS OF TRADE (ToT)**  The TOT formula is shown below. Where XPI is the export price index and MPI is the import price index.  XPI (numerator)  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ x 100 = TOT  MPI (denominator)  1. Explain what is meant by the Terms of Trade (TOT).  2. Outline four situations that could lead to a fall in a country’s TOT.  3. Outline four situations that could lead to a rise in a country’s TOT.  4. Distinguish between a favourable TOT and a favourable movement in the TOT.  5. Distinguish between an unfavourable TOT and an unfavourable movement in the TOT.  6. Explain why iron ore and coal receive high weightings in Australia’s export price index.  7. *Ceteris paribus*, explain what would happen to Australia’s TOT if the prices of iron ore and coal increased.  8. Use the hypothetical data in the table below to:   * Calculate the TOT from Year 1 to Year 3. Insert the answer in the appropriate column in the table. * Identify the movement in the TOT, using the correct language, between Year 1 and Year 2, and between Year 2 and Year 3. * Identify in which year the TOT was favourable and in which year the TOT was unfavourable. Insert the answer in the appropriate column in the table.   Hypothetical TOT data   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Year** | **Export Price Index** | **Import Price Index** | **Terms of Trade?** | **Favourable or unfavourable movement in the TOT?** | **Favourable or unfavourable TOT?** | | 1 | 100 | 100 |  |  |  | | 2 | 115 | 105 |  |  |  | | 3 | 120 | 130 |  |  |  |   9. Explain the likely impact of strong global demand for commodities such as iron ore and coal on Australia’s TOT.  10. Discuss how investment in new iron ore and coal mines is likely to affect Australia’s TOT.  11. Explain the likely impact of climatic events such as the flooding of Queensland’s coal mines on Australia’s TOT.  12. Explain how the shift of manufacturing (for example, whitegoods, blackgoods) to countries such as China where labour costs are relatively low is likely to affect Australia’s TOT.  13. Study the four graphs below from the RBA’s Chart Pack and explain the relationship between:  a. the rate of economic growth in Australia’s MTPs (China and India) and commodity prices.  b. commodity prices and the Terms of Trade.  c. the Terms of Trade and the exchange rate (value of the AUD).  (Reserve Bank of Australia: [www.rba.gov.au/chart-pack/](http://www.rba.gov.au/chart-pack/))  14. Analyse the likely impact of an increase in the TOT on Australia’s balance on goods and services (BOGS) and the current account deficit (CAD).  15. Describe what is meant by the term ‘Dutch Disease’ and explain how it is connected to the TOT. |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) |
| **SEQUENCING STRIPS ON INTEREST RATES AND THE VALUE OF THE AUSTRALIAN DOLLAR**  Cut out the strips and place them in envelopes. Form pairs and distribute envelopes to each pair. Students arrange the strips in sequential order, showing how a change in Australian interest rates can affect the value of the Australian dollar and the current account balance.  The sequencing strips (see below) are in the correct order.  ↓Australian interest rates.  Australian interest earning assets relatively less attractive compared to the rest of the world.  ↓ Ki and/or ↑ Ko because of relatively less attractive returns in Australia.  ↓ D for AUD and/or ↑ S of AUD in the FOREX market.  ↓ value of the AUD, i.e. depreciation in the exchange rate.  Exports relatively cheaper; imports relatively dearer.  ↑ D for exports; ↓D for imports as Australian consumers switch to relatively more competitive locally-made import-competing goods.  ↑ X credits relative to M debits.  ↑ BOGS surplus or ↓ BOGS deficit.  ↓ CAD. |

Unit 4: Managing the economy

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| **Area of Study 1: Aggregate demand policies and domestic economic stability** | |
| **Outcome 1**: | **Examples of learning activities** |
| Discuss the nature and operation of aggregate demand policies and analyse how the policies may influence the Australian Government’s domestic macroeconomic goals and living standards. | * draw a diagram of the business cycle and carefully label the four key phases an economy goes through * design a poster that lists the Australian Government’s key outlays and key sources of revenue; use the latest budget to detail the specific dollar amounts spent and earned by the Government and note the percentage of total revenue and total outlays each revenue or outlay represents * analyse the current and recent stance and outcome of the budget * draw a table to explain and analyse the impact of budget initiatives on the economic goals of strong and sustainable growth, full employment and low inflation * collect a series of print and online budget cartoons on the latest budget and analyse what the cartoonist is trying to convey about this budget * use a PMI (pluses, minuses, interesting) chart to analyse the most recent Australian Government budget * divide the class into groups and allocate each group one of components of aggregate demand (C, I, G1, G2, X and M); list all the key changes in the most recent budget and explain the impact of each policy change on the relevant component of AD * use a visual set of scales to distinguish between a balanced, deficit and surplus budget * write a series of questions and answers explaining how the Australian Government finances budget deficits * investigate and report to the class at a Post Budget Breakfast Forum on how the following groups or organisations reacted to the latest Australian Government budget: * Australian Council of Social Service (ACOSS) * Australian Council of Trade Unions (ACTU) * Australian Labor Party (ALP) * Liberal National Party (LNP) * The Greens * Australian Seniors * Industries Leaders e.g. mining, tourism, education * Chief Economists from the Banking sector * Council of Small Business Australia * Business Council of Australia * Journalists from The *Age*, *The Financial Review* * University Economics academics * undertake a predict, observe and explain (POE) exercise to track changes in monetary policy settings over the semester * use the RBA website [www.rba.gov.au/education/](http://www.rba.gov.au/education/) to investigate the role of the RBA in determining monetary policy * draw a flow chart explaining the workings of open market operations * explain how the RBA can use monetary policy to influence the level of savings and investment, the cash flow, the availability of credit and the exchange rate * write a letter to the editor supporting or not supporting the Australian Government’s current stance on monetary policy or budgetary policy * use visuals to show the impact a change in the cash rate can have on  C, I, G1 and G2, X, M, AD, GDP, GNE, S, cash flow and asset prices  and the exchange rate |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **1** |
| **POST-BUDGET BREAKFAST FORUM**  The Australian Government’s Budget is a complex and important economic document handed down in May each year. As an economics student, it is important to watch the Budget, as well as read and follow the post-Budget analyses. This activity requires students to work in pairs to research and report back on the reaction to the Budget by the group or organisation they are allocated.  Students should:   * introduce the group or organisation * explain their role * present the reaction of their group or organisation to the Budget * discuss the impact of specific Budget measures on their key stakeholders.   The most useful resources for this task will be the Australian Government budget website: [www.budget.gov.au](http://www.budget.gov.au) and the websites of the various groups or organisations. As well as this, print and online media will have extensive post-Budget reports covering a wide range of views and detailed analysis.  The leaders and CEOs of the following groups or organisations could attend the post-Budget breakfast forum:   * The Australian Council of Social Services * The Australian Council of Trade Unions * The Business Council of Australia * The Leader of the Australian Labor Party * The Leader of the Liberal National Party * Journalist/s from The *Age*, *The Australian Financial Review* * Chief Economists from the Banks * CEO of the Council for Small Business * CEO of Australian Seniors * University Economics Academics |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) **2** |
| **TRANSMISSION MECHANISM ACTIVITY**  Monetary policy is an important macroeconomic policy where students must develop their understanding. This task is based around using oral, visual and written skills to explain the transmission mechanisms of monetary policy.  Divide the class in to 6–8 groups (with 2–3 students per group) according to their particular skill set. Each group needs to answer the following questions by doing one of the tasks listed below:  **Questions**   * Explain how monetary policy affects savings and investment in the economy * Explain how monetary policy affects the cash flow in the economy * Explain how monetary policy affects the availability of credit in the economy * Explain how monetary policy affects asset prices in the economy * Explain how monetary policy affects the exchange rate economy * Explain how monetary policy affects Aggregate demand and economic growth   **Tasks: Select one from each type of presentation**  Oral presentation   * Present a talk to the class * Prepare and present a Prezi or PowerPoint presentation * Explain to a non-economics student or teacher   Visual presentation   * Prepare a series of A3 posters to display in your classroom * Prepare a series of concept maps to display in your classroom * Collect a series of RBA graphs relevant to the questions and annotate them to display in your classroom   Written presentation   * Prepare a series of Questions and Answers * Prepare a series of quiz questions and answers * Write a test, including an answer sheet. |

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| **Area of Study 2: Aggregate supply policies** | |
| **Outcome 2**: | **Examples of learning activities** |
| Discuss the nature and operation of aggregate supply policies and analyse how the policies may influence the Australian Government’s domestic macroeconomic goals and living standards. | * draw a concept or mind map that defines and explores the relationships between these concepts: aggregate supply; aggregate supply policies; productive capacity; efficiency; productivity; international competitiveness; low inflation (price stability); strong and sustainable economic growth; full employment; and living standards * debate the following topics: * The Goods and Services Tax (GST) should be increased by 5% * Australia should increase immigration by raising the immigration target by 25,000 per year * allocate one example of an aggregate supply policy (such as immigration policy, welfare reform, taxation reform, budgetary policy) to each member of the class; each student is to research their aggregate supply policy and prepare a podcast reporting the findings of their research; share each podcast with the whole class * collect a range of media sources about aggregate supply policies for a folio; select two articles which provide relevant current examples about the operation of aggregate supply policies in the Australian economy; for each article, justify why the articles were selected, outline the ‘big ideas’ presented in the articles, detect any bias in the articles and assess the validity of economic arguments presented * using scenarios related to actual or possible aggregate supply policy changes, predict the likely effects of the change in policy outlined in the scenario on aggregate supply in the short-term and long-term; analyse how these policy changes are likely to influence the Australian Government’s domestic macroeconomic goals and living standards * identify examples of changes announced in the Australian Government’s Budget in the current year of study that are likely to have an influence on aggregate supply; draw up a table to summarise the likely effects on aggregate supply, and likely influences on the Australian Government’s domestic macroeconomic goals and living standards * divide the class up into pairs and allocate each pair an economic relationship between an aggregate supply policy and the Australian Government’s domestic macroeconomic goals such as immigration policy and full employment; each pair prepares a report and presentation which examines the relationship, where possible providing data and evidence to illustrate the relationship; each pair ‘teaches’ the rest of the class about their relationship through an oral presentation to the class; as each pair presents, findings about their allocated relationship should be recorded on the whiteboard in a table summary for the class to note down * revision activity: individually write a test that assesses the required key knowledge and key skills of Area of Study 2 in Unit 4 and suggested solutions sheet; in pairs swap tests with each other and sit the partner’s test; give their responses to the partner who will assess their performance based on their prepared responses sheet |

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| [**Detailed example**](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Detailed%20example) |
| **SCENARIO PREDICTION AND ANALYSIS**  Divide the class up into pairs and allocate each pair a scenario. The scenario might be selected from the examples below or pairs of students could be asked to write a scenario that is then allocated to another pair to work on. Each pair is to predict the likely effects of the change in the aggregate supply policy outlined in the scenario on aggregate supply in the short-term and long-term. They must also analyse how these policy changes are likely to influence the Australian Government’s domestic macroeconomic goals and living standards. Each pair is to prepare a report which they present to the class using either a Powerpoint or Prezi presentation.  Teachers and students can write up their own scenarios or use the following examples of possible scenarios: There is a 20% cut in government spending on education and training programs.   * There is a 5% increase in the rate of the Goods and Services Tax (GST). * All goods and services including fresh food, education and medical services are no longer exempted from the GST. * The age at which older Australians are able to access an old age pension will be raised to 72 years of age. * Tax incentives for business related to research and development will increase by 25%. * The Australian Government increases spending by 20% increase to support key infrastructure projects in Australia’s major cities. |

Unit 3: Sample approach to developing an assessment task

Area of Study 1: An introduction to microeconomics: the market system, resource allocation and government intervention

Outcome 1

Explain how markets operate to allocate resources, and discuss the effect of government intervention on market outcomes.

*This outcome will contribute 40 marks out of 100 marks allocated to School-assessed Coursework for Unit 3. It will be assessed by one or more tasks, which will contribute a total of 40 marks.*

Task/s

*Description*

Any one or combination of the following:

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

*Designing the assessment task*

Teachers should develop an assessment task that allows the student to:

* explain how the market forces of demand and supply operate to allocate resources
* discuss the effect of government intervention on market outcomes, including an explanation of market failure
* accurately define, use and applyeconomics terms, concepts and theories, data and evidence to support the explanation and discussion
* construct and interpret demand and supply diagrams to support the explanation of how markets operate to allocate resources
* have the opportunity to demonstrate the highest level of performance.

*Resources and scheduling*

Schools may determine the conditions for the task including access to resources and notes. Students should be advised of the timeline and conditions under which the task is to be conducted.

[Assessment Rubrics](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Assessment%20Rubric)[/performance descriptors](file://VCAAFS01/%20performance%20descriptors) provide a guide to the levels of performance typically demonstrated within each range on the assessment task/s. The performance descriptors for each outcome identify the qualities or characteristics expected in a student response.

Unit 4: Sample approach to developing an assessment task

Area of Study 1: Aggregate demand policies and domestic economic stability

Outcome 1

Discuss the nature and operation of aggregate demand policies and analyse how the policies may influence Australia’s domestic macroeconomic goals and living standards.

*This outcome will contribute 60 marks out of the 100 marks allocated to School-assessed Coursework for Unit 4. It will be assessed by one or more tasks, which will contribute a total of 60 marks.*

Task/s

*Description*

Any one or combination of the following:

* an essay
* a report
* problem-solving exercises
* a folio of media commentaries
* a folio of applied economics exercises
* structured questions

*Designing the assessment task*

Teachers should develop an assessment task that allows the student to:

* discuss the nature and operation of aggregate demand policies
* analyse how aggregate demand policies may influence Australia’s domestic macroeconomic goals and living standards
* accurately define, use and applyeconomics terms, concepts, theories, data and evidence to support the analysis and discussion
* analyse economic relationships demonstrating economic reasoning and interpretation and demonstrate an ability to synthesise arguments and draw appropriate conclusions
* have the opportunity to demonstrate the highest level of performance.

*Resources and scheduling*

Schools may determine the conditions for the task, including access to resources and notes. Students should be advised of the timeline and conditions under which the task is to be conducted.

[Assessment Rubrics](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Assessment%20Rubric)[/performance descriptors](file://VCAAFS01/%20performance%20descriptors) provide a guide to the levels of performance typically demonstrated within each range on the assessment task/s. The performance descriptors for each outcome identify the qualities or characteristics expected in a student response.

Area of Study 2: Aggregate supply policies

Outcome 2

Discuss the nature and operation of aggregate supply policies and analyse how the policies may influence Australia’s domestic macroeconomic goals and living standards.

*This outcome will contribute 40 marks out of the 100 marks allocated to School-assessed Coursework for Unit 4. It will be assessed by one or more tasks, which will contribute a total of 40 marks.*

Task/s

*Description*

Any one or combination of the following:

* an essay
* a report
* problem-solving exercises
* a folio of media commentaries
* a folio of applied economics exercises
* structured questions.

*Designing the assessment task*

Teachers should develop an assessment task that allows the student to:

* discuss the nature and operation of aggregate supply policies
* analyse how aggregate supply policies may influence Australia’s domestic macro-economic goals and living standards
* accurately define, use and applyeconomics terms, concepts, theories, data and evidence to support the analysis and discussion
* analyse economic relationships demonstrating economic reasoning and interpretation and demonstrate an ability to synthesise arguments and draw appropriate conclusions
* have the opportunity to demonstrate the highest level of performance.

*Resources and scheduling*

Schools may determine the conditions for the task, including access to resources and notes. Students should be advised of the timeline and conditions under which the task is to be conducted.

[Assessment Rubrics](file://VCAAFS01/Curriculum$/VCE/Implementation/2015/Assessment%20Rubric)[/performance descriptors](file://VCAAFS01/%20performance%20descriptors) provide a guide to the levels of performance typically demonstrated within each range on the assessment task/s. The performance descriptors for each outcome identify the qualities or characteristics expected in a student response.

Performance Descriptors

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| **VCE ECONOMICS**  **SCHOOL-ASSESSED COURSEWORK** | | | | | |
| **Performance Descriptors** | | | | | |
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| ***Unit 3***  ***Outcome 1***  ***Explain how markets operate to allocate resources, and discuss the effect of government intervention on market outcomes.*** | **DESCRIPTOR: typical performance in each range** | | | | |
| **Very low** | **Low** | **Medium** | **High** | **Very high** |
| Very limited reference to relevant theory, demonstrating a limited understanding of the operation of the market forces of demand and supply in the allocation of resources. | Limited reference to relevant theory, demonstrating some understanding of the operation of the market forces of demand and supply in the allocation of resources. | Selection of mostly relevant theory to demonstrate a satisfactory understanding of the operation of the market forces of demand and supply in the allocation of resources. | Selection of relevant theory to demonstrate a generally thorough understanding of the operation of the market forces of demand and supply in the allocation of resources. | Selection of relevant theory to demonstrate a sophisticated understanding of the operation of the market forces of demand and supply in the allocation of resources. |
| Construction and interpretation of demand and supply diagrams demonstrates a limited knowledge of how the market forces of demand and supply interact to determine equilibrium prices and quantities traded. | Construction and interpretation of demand and supply diagrams demonstrates an elementary understanding of the how the market forces of demand and supply interact to determine equilibrium prices and quantities traded. | Construction and interpretation of demand and supply diagrams demonstrates a satisfactory knowledge of how the market forces of demand and supply determine equilibrium prices and quantities traded. | Construction and interpretation of demand and supply diagrams demonstrates a generally thorough understanding of how to the market forces of demand and supply determine equilibrium prices and quantities traded. | Construction and interpretation of demand and supply diagrams demonstrates a complex understanding of how the market forces of demand and supply determine equilibrium prices and quantities traded. |
| Limited understanding of the reasons for market failure and little explanation of the effects of government intervention to address market failure. | Some understanding of the reasons for market failure, including some explanation of the effects of government intervention to address market failure. | A satisfactory understanding of the reasons for market failure, including a general explanation of the effects of government intervention to address market failure. | A generally thorough understanding of the reasons for market failure, including a sound and balanced explanation of the effects of government intervention to address market failure. | Sophisticated understanding of the reasons for market failure, including a comprehensive explanation of the effects of government intervention to address market failure. |
| Limited use and application of economics terms, concepts, theories and data in the analysis and discussion. Little use of relevant data and evidence to support explanation and discussion. | Some accurate application of knowledge and use of specialist economic terms, concepts and theories. Some reference to relevant data and evidence but not always applied appropriately. | Satisfactory selection, use and application ofeconomics terms, concepts, theories, data and evidence to support the explanation and discussion. | Accurate definition, use and application ofeconomics terms, concepts and theories. Sound use of relevant data and evidence to support the explanation and discussion. | Confident and accurate definition, use and application ofeconomics terms, concepts and theories. Sophisticated use of relevant data and evidence to support the explanation and discussion. |

KEY to marking scale based on the Outcome contributing 40 marks.

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| Low 0–8 | Very low 9–16 | Medium 17–24 | High 25–32 | Very high 33–40 |

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| **VCE ECONOMICS**  **SCHOOL-ASSESSED COURSEWORK** | | | | | |
| **Performance Descriptors** | | | | | |
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| ***Unit 3***  ***Outcome 2***  ***Analyse key contemporary factors that may have influenced the Australian Government’s domestic macroeconomic goals over the past two years and discuss how achievement of these goals may affect living standards.*** | **DESCRIPTOR: typical performance in each range** | | | | |
| **Very low** | **Low** | **Medium** | **High** | **Very high** |
| The analysis lacks clarity and demonstrates limited knowledge of how key contemporary factors may have influenced the Australian Government’s domestic macroeconomic goals over the past two years. | Superficial analysis with some factors identified which demonstrates some knowledge of how key contemporary factors may have influenced the Australian Government’s domestic macroeconomic goals over the past two years. | Satisfactory analysis which generally demonstrates adequate knowledge of some of the contemporary factors that may have influenced the Australian Government’s domestic macroeconomic goals over the past two years. | Generally thorough analysis of some of key contemporary factors that may have influenced the Australian Government’s domestic macroeconomic goals over the past two years. | Comprehensive and detailed analysis of a range of key contemporary factors that may have influenced the Australian Government’s domestic macroeconomic goals over the past two years. |
| The discussion demonstrates limited knowledge of how achievement of the Australian Government’s domestic macroeconomic goals might affect living standards. | Some elementary discussion of how achievement of the Australian Government’s macroeconomic goals might affect living standards. | Satisfactory discussion of how achievement of the Australian Government’s domestic macroeconomic goals might affect living standards. | Generally well developed and mostly relevant discussion of how achievement of the Australian Government’s domestic macroeconomic goals might affect living standards. | Very thorough and logical discussion of how achievement of the Australian Government’s domestic macroeconomic goals might affect living standards. |
| Limited use and application of economics terms, concepts, theories and data in the analysis and discussion. Little use of relevant data and evidence to support analysis and discussion. | Some accurate application of knowledge and use of specialist economic terms, concepts and theories. Some reference to relevant data and evidence but not always applied appropriately. | Satisfactory selection, use and application ofeconomics terms, concepts, theories, data and evidence to support the analysis and discussion. | Accurate definition, use and application ofeconomics terms, concepts and theories. Sound use of relevant data and evidence to support the analysis and discussion. | Confident and accurate definition, use and application ofeconomics terms, concepts and theories. Sophisticated use of relevant data and evidence to support the analysis and discussion. |
| Very little analysis and understandings of economic relationships. Reasoning and interpretation lacks clarity. Little evidence of an ability to synthesise arguments or draw appropriate conclusions. | Some understanding of economic relationships with some relevant conclusions. Limited use of relevant evidence, synthesis of arguments and logical economic reasoning. | Generally satisfactory analysis of the interrelatedness of economic relationships demonstrating adequate economic reasoning and interpretation. Some ability to synthesise arguments and draw some conclusions. | Generally thorough analysis of the interrelatedness of economic relationships demonstrating sound economic reasoning and interpretation. An ability to synthesise arguments and draw conclusions is mostly well developed | Comprehensive and logical analysis of the interrelatedness of economic relationships demonstrating highly developed skills of economic reasoning and interpretation. Sophisticated ability to synthesise arguments and draw conclusions. |

KEY to marking scale based on the Outcome contributing 30 marks.

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| Low 0–6 | Very low 7–12 | Medium 13–18 | High 19–24 | Very high 25–30 |

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| **VCE ECONOMICS**  **SCHOOL-ASSESSED COURSEWORK** | | | | | |
| **Performance Descriptors** | | | | | |
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| ***Unit 3***  ***Outcome 3***  ***Explain the factors that may influence Australia’s international transactions and evaluate how international transactions and trade liberalisation may influence the current account balance, the Australian Government’s domestic macroeconomic goals and living standards in Australia.*** | **DESCRIPTOR: typical performance in each range** | | | | |
| **Very low** | **Low** | **Medium** | **High** | **Very high** |
| Limited understanding of the factors that influence Australia’s transactions with the rest of the world. | Some understanding of the factors that influence Australia’s transactions with the rest of the world. | Satisfactory understanding of the factors that influence Australia’s transactions with the rest of the world. | Generally thorough understanding of the factors that influence Australia’s transactions with the rest of the world. | Sophisticated understanding  of the factors that influence Australia’s transactions with  the rest of the world. |
| Discussion demonstrates a limited understanding of the effects of international transactions and trade liberalisation on the current account balance, domestic macroeconomic goals and  living standards. | Some evaluation of the effects of international transactions and trade liberalisation on the current account balance, domestic macroeconomic goals and living standards. | Satisfactory evaluation of  the effects of international transactions and trade liberalisation on the current account balance, domestic macroeconomic goals and  living standards. | Well developed evaluation of  the effects of international transactions and trade liberalisation on the current account balance, domestic macroeconomic goals and  living standards. | Sophisticated evaluation of  the effects of international transactions and trade liberalisation on the current account balance, domestic macroeconomic goals and  living standards. |
| Limited use and application of economics terms, concepts, theories and data in the analysis and discussion. Little use of relevant data and evidence to support the explanation and discussion. | Some accurate application of knowledge and use of specialist economic terms, concepts and theories. Some reference to relevant data and evidence but not always applied appropriately. | Satisfactory selection, use and application ofeconomics terms, concepts, theories, data and evidence to support the explanation and discussion. | Accurate definition, use and application ofeconomics terms, concepts and theories. Sound use of relevant data and evidence to support the explanation and discussion. | Confident and accurate definition, use and application ofeconomics terms, concepts and theories. Sophisticated use of relevant data and evidence to support the explanation and discussion. |
| Limited analysis and little understandings of international economic relationships. Reasoning and interpretation lacks clarity. Little evidence of an ability to synthesis arguments or draw appropriate conclusions. | Some understanding of international economic relationships with some relevant conclusions. Some use of relevant evidence, synthesis of arguments and logical economic reasoning. | Generally satisfactory analysis  of international economic relationships, issues and problems is demonstrated. Adequate ability to synthesis arguments and draw conclusions. | Generally thorough analysis  of international economic relationships, issues and problems is demonstrated. Economic reasoning and interpretation skills and an ability to synthesise arguments and draw conclusions are mostly well developed. | Comprehensive and logical analysis of internationaleconomic relationships, issues and problems is demonstrated. Sophisticated skills of economic reasoning and interpretation and an ability to synthesise arguments and draw conclusions are evident. |

KEY to marking scale based on the Outcome contributing 30 marks.

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| --- | --- | --- | --- | --- |
| Low 0–6 | Very low 7–12 | Medium 13–18 | High 19–24 | Very high 25–30 |

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| **VCE ECONOMICS**  **SCHOOL-ASSESSED COURSEWORK** | | | | | |
| **Performance Descriptors** | | | | | |
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| ***Unit 4***  ***Outcome 1***  ***Discuss the nature and operation of aggregate demand policies and analyse how the policies may influence the Australian Government’s domestic macroeconomic goals and living standards.*** | **DESCRIPTOR: typical performance in each range** | | | | |
| **Very low** | **Low** | **Medium** | **High** | **Very high** |
| Very limited knowledge and minimal discussion of the nature and operation of aggregate demand policies. | Some knowledge and some discussion of the nature and operation of aggregate demand policies. | Adequate knowledge and satisfactory discussion of the nature and operation of aggregate demand policies. | Thorough knowledge and detailed discussion of the nature and operation of aggregate demand policies. | Comprehensive knowledge and sophisticated discussion of the nature and operation of aggregate demand policies. |
| Limited description demonstrating minimal knowledge of how aggregate demand policies may influence Australia’s domestic macro-economic goals and living standards. | Little analysis demonstrating some knowledge of how aggregate demand policies may influence Australia’s domestic macroeconomic goals and living standards. | Satisfactory analysis demonstrating sound knowledge of how aggregate demand policies may influence Australia’s domestic macroeconomic goals and living standards. | Thorough analysis demonstrating detailed knowledge of how aggregate demand policies may influence Australia’s domestic macro-economic goals and living standards. | Comprehensive analysis demonstrating sophisticated knowledge of how aggregate demand policies may influence Australia’s domestic macro-economic goals and living standards. |
| Very weak and little use of appropriate economic terms, concepts and theories as well as very limited use of relevant statistical evidence to support the discussion and analysis. | Some limited use of appropriate economic terms, concepts and theories as well as some use of relevant statistical evidence to support the discussion and analysis. | Satisfactory and generally accurate use of appropriate economic terms, concepts and theories as well as a reasonable use of relevant statistical evidence to support the discussion and analysis. | Sound and accurate use of appropriate economic terms, concepts and theories as well as an effective use of relevant statistical evidence to support the discussion and analysis. | Sophisticated and accurate use of appropriate economic terms, concepts and theories as well as highly effective use of relevant statistical evidence to support the discussion and analysis. |
| Very little understanding and basic description of economic relationships. Reasoning and interpretation lacks clarity. Little evidence of an ability to synthesise arguments or draw appropriate conclusions. | Some understanding and limited analysis of economic relationships with some relevant conclusions. Little use of relevant evidence, synthesis of arguments and logical economic reasoning. | Satisfactory analysis of the interrelatedness of economic relationships demonstrating adequate economic reasoning and interpretation. Some ability to synthesise the arguments presented and draw some relevant conclusions. | Thorough analysis of the interrelatedness of economic relationships demonstrating sound economic reasoning and interpretation. A sound ability to synthesise arguments and draw conclusions. | Very thorough and logical analysis of the interrelatedness of economic relationships demonstrating highly developed skills of economic reasoning and interpretation. Sophisticated ability to synthesise arguments and draw appropriate conclusions. |

KEY to marking scale based on the Outcome contributing 60 marks.

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| Low 0–12 | Very low 13–24 | Medium 25–36 | High 37–48 | Very high 49–60 |

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| **VCE ECONOMICS**  **SCHOOL-ASSESSED COURSEWORK** | | | | | |
| **Performance Descriptors** | | | | | |
|  | | | | | |
| ***Unit 4***  ***Outcome 2***  ***Discuss the nature and operation of aggregate supply policies and analyse how the policies may influence the Australian Government’s domestic macroeconomic goals and living standards.*** | **DESCRIPTOR: typical performance in each range** | | | | |
| **Very low** | **Low** | **Medium** | **High** | **Very high** |
| The discussion demonstrates limited knowledge and understanding of the nature and purpose of aggregate supply policies. | Some elementary discussion which demonstrates some knowledge and understanding of the nature and purpose of aggregate supply policies. | The discussion demonstrates satisfactory knowledge and understanding of the nature and purpose of aggregate supply policies. | The discussion is generally well developed and demonstrates sound knowledge and understanding of the nature and purpose of aggregate supply policies. | The discussion is very thorough and demonstrates detailed knowledge and understanding of the nature and purpose of aggregate supply policies. |
| Very little analysis lacks clarity and demonstrates limited knowledge and understanding of how aggregate supply policies have been implemented to influence Australia’s domestic macroeconomic goals and living standards. | Basic analysis with some factors identified which demonstrates some knowledge and understanding of how aggregate supply policies have been implemented to influence Australia’s domestic macroeconomic goals and living standards. | Satisfactory analysis which generally demonstrates adequate knowledge and understanding of how aggregate supply policies have been implemented to influence Australia’s domestic macroeconomic goals and living standards. | The analysis is generally well developed and demonstrates sound knowledge and understanding of how aggregate supply policies have been implemented to influence Australia’s domestic macroeconomic goals and living standards. | The analysis is comprehensive and demonstrates very thorough knowledge and understanding of how aggregate supply policies have been implemented to influence Australia’s domestic macroeconomic goals and living standards. |
| Limited use and application of economics terms, concepts, theories and data in the discussion and analysis. Little or no use of relevant data and evidence to support discussion and analysis.  Little use of specialist economics terms and vocabulary. | Some accurate application of knowledge and use of specialist economic terms, concepts and theories. Some reference to relevant data and evidence but not always applied appropriately. | Satisfactory selection, use and application ofeconomics terms, concepts, theories, data and evidence to support the discussion and analysis. | Accurate definition, use and application ofeconomics terms, concepts and theories. Sound use of relevant data and evidence to support the discussion and analysis. | Confident and accurate definition, use and application ofeconomics terms, concepts and theories. Sophisticated use of relevant data and evidence to support the discussion and analysis. |
| Generally very little analysis and understandings of economic relationships. Reasoning and interpretation lacks clarity. Little evidence of an ability to synthesise arguments or draw appropriate conclusions. | Some understanding of economic relationships with some relevant conclusions. Limited use of relevant evidence, synthesis of arguments and logical economic reasoning. | Generally satisfactory analysis of the interrelatedness of economic relationships demonstrating adequate economic reasoning and interpretation. Some ability to synthesise the arguments presented and draw relevant conclusions. | Generally thorough analysis of the interrelatedness of economic relationships demonstrating sound economic reasoning and interpretation. An ability to synthesise arguments and draw conclusions is mostly well developed. | Very thorough and logical analysis of the interrelatedness of economic relationships demonstrating highly developed skills of economic reasoning and interpretation. Sophisticated ability to synthesise arguments and draw conclusions. |

KEY to marking scale based on the Outcome contributing 40 marks

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| Low 0–8 | Very low 9–16 | Medium 17–24 | High 25–32 | Very high 33–40 |

Appendix 1: Employability skills

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| **Assessment task** | **Employability skills selected facets** |
| **Media Blog** | **Communication** (reading independently; writing to the needs of the audience forming and expressing opinions) **Technology** (using information technology to organise information) |
| **Data analysis** | **Communication** (reading independently; writing to the needs of the audience) **Planning and organising** (collecting, analysing and organising information) **Problem solving** (using mathematics to solve problems; using numeracy skills; interpreting information; analysing graphical and numerical information)  **Technology** (using information technology to organise data) |
| **Folio of applied economic exercises** | **Communication** (reading independently; writing to the needs of the audience) **Planning and organising** (collecting, analysing and organising information) **Problem solving** (using mathematics to solve problems; using numeracy skills; interpreting information; analysing graphical and numerical information, applying a range of strategies to problem solving)  **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) **Learning** (managing own learning) |
| **Essay** | **Communication** (writing to the needs of the audience; persuading effectively) **Planning and organising** (planning the use of resources including time management; collecting, analysing and organising information) **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) |
| **Report** | **Communication** (writing to the needs of the audience; persuading effectively) **Planning and organising** (planning the use of resources including time management; collecting, analysing and organising information) **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) |
| **Media analysis** | **Communication** (listening and understanding; reading independently; writing to the needs of the audience; persuading effectively) **Problem solving** (testing assumptions taking the context of data and circumstances into account) |
| **Case study** | **Communication** (writing to the needs of the audience; persuading effectively) **Planning and organising** (planning the use of resources including time management; collecting, analysing and organising information) **Team work** (working as an individual and as a member of a team; knowing how to work collaboratively) **Technology** (having a range of basic information technology skills; using information technology to organise data; being willing to learn new information technology skills) **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) |

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| **Assessment task** | **Employability skills selected facets** |
| **Structured questions** | **Communication** (writing to the needs of the audience; persuading effectively **Planning and organising** (collecting, analysing and organising information) **Learning** (managing own learning) |
| **Problem-solving tasks** | **Planning and organising** (collecting, analysing and organising information) **Problem solving** (using mathematics to solve problems; using numeracy skills; interpreting information; analysing graphical and numerical information, applying a range of strategies to problem solving)  **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) **Learning** (managing own learning) |
| **Media commentaries and analysis** | **Communication** (reading independently; writing to the needs of the audience) **Planning and organising** (collecting, analysing and organising information) **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) **Learning** (managing own learning) |
| **Oral presentation** | **Communication** (sharing information; writing to the needs of the audience; using numeracy and literacy skills) **Learning** (being open to new ideas and techniques) **Technology** (having a range of basic information technology skills; using information technology to organise data; being willing to learn new information technology skills) **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) |
| **Visual presentation** | **Communication** (sharing information; writing to the needs of the audience; using numeracy and literacy skills) **Learning** (being open to new ideas and techniques) **Technology** (having a range of basic information technology skills; using information technology to organise data; being willing to learn new information technology skills) **Self-management** (evaluating and monitoring own performance; Evaluating and monitoring own performance; taking responsibility) |
| **Debate** | **Communication** (sharing information; speaking clearly and directly; persuading effectively) **Planning and organising** (planning the use of resources including time management; collecting, analysing and organising information) **Team work** (working as an individual and as a member of a team; knowing how to define a role as part of the team) |

The employability skills are derived from the Employability Skills Framework (*Employability Skills for the Future*, 2002), developed by the Australian Chamber of Commerce and Industry and the Business Council of Australia, and published   
by the (former) Commonwealth Department of Education, Science and Training.

Appendix 2: Examples of a weekly course outline

Based on a semester of sixteen weeks, a suggested allocation of teaching time in Unit 3 would be six weeks for Area of Study 1, five weeks for Area of Study 2, and five weeks for Area of Study 3.

Following is a suggested time allocation for Unit 3, Area of Study 1: An introduction to microeconomics: the market system, resource allocation and government intervention.

|  |  |
| --- | --- |
| **Weeks** (based on 6 available weeks) |  |
| ½ a week | Introductory concepts – needs, wants, resources, relative scarcity, opportunity cost |
| 1 week | Demand – the law of demand, the demand curve and demand factors |
| 1 week | Supply – the law of supply, the supply curve and supply factors |
| 1 week | Factors affecting the price elasticity of demand and supply |
| ½ a week | The role of relative prices in competitive markets on the allocation of resources, including reference to the types of efficiency |
| 1½ weeks | Reasons for market failure and government intervention to address market failure and the unintended consequences of government intervention |
| ½ a week | Preparing and undertaking School-assessed Coursework assessments |

Following is a suggested time allocation for Unit 3, Area of Study 2: Domestic macro-economic goals.

|  |  |
| --- | --- |
| **Weeks** (based on 5 available weeks) |  |
| 1½ weeks | Living standards, circular flow model, business cycle, aggregate demand and aggregate supply |
| 1 week | Low inflation (price stability) |
| 1 week | Strong and sustainable economic growth |
| 1 week | Full employment |
| ½ a week | Preparing and undertaking School-assessed Coursework assessments |

Following is a suggested time allocation for Unit 3, Area of Study 3: Australia and the world economy

|  |  |
| --- | --- |
| **Weeks** (based on 5 available weeks) |  |
| ½ a week | International trade and living standards |
| 1 week | The components of the balance of payments, causes of the current account deficit, and the composition and causes of the net foreign debt and net foreign equities |
| 1 week | The terms of trade and the effect of movements in the terms of trade on the current account balance, domestic macroeconomic goals and living standards |
| 1 week | The exchange rate and the effect of movements in the exchange rate on the current account balance, domestic macroeconomic goals and living standards |
| 1 week | Factors influencing Australia’s International competitiveness and the effects of trade liberalisation on Australia’s international competitiveness, domestic macroeconomic goals and living standards. |
| ½ a week | Preparing and undertaking School-assessed Coursework assessments |
| ½ a week | International trade and living standards |

Unit 4: Managing the economy

Assuming a semester of approximately sixteen weeks, a suggested allocation of teaching time in Unit 4 would be nine weeks for Area of Study 1, and seven weeks for Area of   
Study 2.

Following is a suggested time allocation for Unit 4, Area of Study 1: Aggregate demand policies and domestic economic stability

|  |  |
| --- | --- |
| **Weeks** (based on 9 available weeks) |  |
| 1 week | Introduction to budgetary policy – revenues, expenses, budget outcomes, financing a deficit, utilising a surplus, government (public) debt, the stance of budgetary policy |
| 2 weeks | The role of automatic stabilisers and discretionary stabilisers in influencing aggregate demand, the business cycle, budget outcomes and government (public) debt |
| 2 weeks | Budgetary policy initiatives from the last two years and their effects on the domestic macroeconomic goals, including the strengths and weaknesses of budgetary policy |
| 1 week | Introduction to monetary policy – RBA’s charter, open market operations, the stance of monetary policy |
| 1 week | Transmission mechanisms of monetary policy and their influence on aggregate demand |
| 1 week | Changes in monetary policy from the last two years and their effects on the domestic macroeconomic goals, including the strengths and weaknesses of monetary policy |
| 1 week | Preparing and undertaking School-assessed Coursework assessments |

Following is a suggested time allocation for Unit 4, Area of Study 2: Aggregate supply policies

|  |  |
| --- | --- |
| **Weeks** (based on 9 available weeks) |  |
| ½ a week | Nature, aims and operation of aggregate supply policies and their relationship to the domestic macroeconomic goals, international competitiveness and living standards, including reference to potential short-term and long-term effects |
| 1 week | Budgetary policy spending initiatives designed to influence aggregate supply |
| 1 week | Tax and welfare reforms designed to influence aggregate supply |
| 1 week | Immigration policy and its influence on aggregate supply |
| 1 week | Strengths and weaknesses of aggregate supply policies in achieving the domestic macroeconomic goals |
| ½ a week | Preparing and undertaking School-assessed Coursework assessments |
| 2 weeks | Revision of Units 3 and 4 and examination preparation |