

# VCE Economics 2023-2027

Implementation



VICTORIAN CURRICULUM  
AND ASSESSMENT AUTHORITY




# Acknowledgement of Country

The VCAA respectfully acknowledges the Traditional Owners of Country throughout Victoria and pays respect to the ongoing living cultures of First Peoples.





# Asking Questions

Ask: All Panelists 

Select a panelist in the Ask menu first and then type your question here.

Send

 Participant  QA

# Some key goals of the Study Design review

- the inclusion of greater opportunity to study contemporary ‘real-world’ economic issues of choice through applied economic analysis
- increasing the requirement for application of higher order skills
- updating key knowledge to enhance the dynamic nature of the study and to reflect contemporary economic thinking
- realigning technical language and economic processes cited and used within the study to reflect those in current use within industry
- clarifying key skills and ensure that these are distinct from specific key knowledge
- reordering and resequencing of key knowledge and key skills to improve clarity and flow

# Similar structure to previous Study Design

- Unit 1: Economic decision making
- Unit 2: Economic issues and living standards
- Unit 3: Australia's living standards
- Unit 4: Managing the economy

- Still no prerequisites for undertaking Units 1 to 3
- Units 3 and 4 need to be taken as a sequence, as previously
- Assessment in Units 3 & 4 remains:
  - Unit 3 25%
  - Unit 4 25%
  - Exam 50%

# VCE Economics

## 2023-2027

Units 1 and 2



VICTORIAN CURRICULUM  
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# Unit 1

- Now three areas of study (AOS)
  - AOS 1: Thinking like an economist
  - AOS 2: Decision making in markets
  - **AOS 3: Behavioural economics**



## Key changes:

- Separated out Behavioural Economics (BE) as its own AOS (AOS 3)
- Removed BE from AOS 1
- Narrowed down coverage of 'bus man' content

# Unit 1: Suggested time allocations

| Area of study                 | Suggested time allocation from the 50 available hours |
|-------------------------------|---|
| 1. Thinking like an economist | 20 hours  |
| 2. Decision-making in markets | 20 hours  |
| 3. Behavioural economics      | 10 hours  |

# Unit 1, AOS 1: Thinking like an economist - content

- Introductory economic ideas
- Removed a lot of the 'bus man' crossover
- Now included is idea of 'economics agents' – consumers/households, businesses & government
- Traditional economic viewpoint of the **role** and **behaviour** of each of these agents:
  - consumers – self-interest, utility maximization, informed decision making along with the role of incentives and disincentives in influencing behaviour
  - business – profit maximization and the way they respond to incentives and disincentives
  - government – maximization of living standards and role in economic stabilization, efficiency and redistribution of income

# Unit 1, AOS 1: Thinking like an economist – content (cont.)

- Circular flow model of the economy using three sectors
- Introduced: how different economic systems may answer the 3 key economic questions (**SAMPLE ACTIVITY** in ‘Support Materials’ online)
- Removed Behavioural Economics and made its own area of study (AOS 3)

# Selection of sample activities

## Study design for implementation in 2023

Teachers are advised that the study design listed below is for use from 2023. This is available to teachers in preparation for implementation. Additional resources will be added progressively as they become available.

Link to this page from  
Economics SD page on VCAA  
website

### ▼ 2023 Implementation

For accreditation period 2023-2027

-  [VCE Economics Study Design](#) for implementation in 2023.

- **Support materials**

These support materials incorporate the previously known *Advice for teachers*.

- [Planning](#)
- [Teaching and learning](#)
- [Assessment](#)

In the 'Teaching and learning' tab - Sample Activities

# Sample Activity 1

## **Research task on different Economic systems**

Allocate students into groups of two or three and assign one country to each group from the list below and complete a series of activities:

USA, Russia, Sweden, China, North Korea, France, Japan, Venezuela, Cuba, Luxembourg

- Research the system with a series of guiding questions
- Compare it to other systems.
- Undertake a cost/benefit analysis of the system
- Make links to opportunity cost

# Unit 1, AOS 1 - Key focus of skills

- using economic theory and using economic language to make predictions and communicate economic ideas
- Gathering and synthesizing economic data
- Assessing the effect of economic decisions on economic agents
- Constructing and interpreting economic models and analysing consequences of economic decisions
- Identifying trade-offs and discussing cost and benefits associated with economic decisions
- Drawing conclusions based on economic criteria

# Unit 1, AOS 1 – Outcome 1

On completion of this unit the student should be able to describe the basic economic problem, discuss the role of consumers, businesses and the government in the economy and analyse the factors that affect economic decision making.



# Unit 1, AOS 2: Decision making in markets

Very similar to current Study Design AOS 2

- the assumptions of a perfectly competitive market system
- Demand and supply, including D/S curves and non-price factors (SAMPLE ACTIVITY)
- the effects of changes in demand and supply on equilibrium prices and quantities & role of market mechanism and relative prices in resource allocation
- Market power in various market structures – and their effects
- Moved here from U1, AOS 1 - the strategies businesses may use to increase profit including price discrimination, multiple branding or anti-competitive behaviour as outlined in the *Competition and Consumer Act 2010*
- one contemporary example of a market including the degree of competition in that market.

# Sample Activity 2

## Demand and Supply cards

- Design 4 sets of cards – 10 x Demand factors, 10 x Supply factors, 10 x types of goods, 10 x types of services
- Draw two cards – one from factors pile, one for G&S pile
- Construct market diagram showing impact (D&S factors in that market)
- Example:
  - Student draws ‘D factor – rising consumer confidence’, ‘Good – motor vehicles’
  - Draw and compare

# Unit 1, AOS 2: Decision making in markets

## Key changes

- specification that contemporary case studies must be used to establish understanding of connections between economic theory and working of Australian and global markets
- update/revision to list of options for markets to be studied – along with any other market option
- higher order skill of synthesis has been added
  - research and synthesise information about a particular market
  - analyse the extent of competition in markets by drawing conclusions based on economic criteria.

# Expanded list of markets ... plus 'Any Other Market'

- agricultural markets such as wool, wheat, milk and beef
- other commodity markets such as minerals and energy
- community markets
- utilities markets such as gas, electricity, water and telecommunications
- carbon emissions / carbon trading markets
- finance markets
- cryptocurrency markets
- international education market
- tourism markets
- share markets
- foreign exchange markets
- labour markets
- property/housing markets
- online markets
- health markets
- any other market.

# Sample Activity 3

## Case study: A market

- Detailed instructions on how to undertake an extended research task and write up a report (see VCAA page)
- Students undertake a detailed investigation of operations of a contemporary market (any market that has operated in the past ten years).
- Can be 'choose your own' by students – or allocated by teacher

# Unit 1, AOS 2 – Outcome 2

On completion of this unit the student should be able to explain the role of relative prices and other non-price factors in the allocation of resources in a market-based economy and analyse the extent of competition in markets.

# Unit 1, AOS 3: Behavioural economics

- In response to popularity of this topic and its capacity to engage student – and recognition that many teachers do spend quite a bit of time on it
- Separate AOS allows us to provide more guidance to teachers about key knowledge content

# Unit 1, AOS 3: Key Knowledge

- key insights of behavioural economics, including bounded rationality, bounded willpower and bounded self-interest
- the differences between traditional economics and behavioural economics
- the effectiveness of strategies used by government to influence consumer behaviours
- the effectiveness of strategies producers/businesses use to influence consumer behaviours.



# Unit 1, AOS 3: Key Skills

- define key economic concepts and terms and use them appropriately
- distinguish between traditional economics and behavioural economics
- apply economic theory to make economic predictions and create responses that communicate economic meaning
- investigate and/or conduct at least one behavioural economics experiment by gathering, synthesising and using economic data and information to report on the findings
- analyse the effectiveness of government and business actions that draw on behavioural economics, by using data and economic information to draw conclusions supported by economic reasoning.

# Unit 1, AOS 3 – Outcome 3

On completion of this unit the student should be able to explain the role of behavioural economics in complementing traditional understandings of decision making and analyse the effects of behavioural economics insights on consumers and other economic agents.

# Sample Activities 4

- Prepare a case study on the behavioural economics work of the Behavioural Economics Team of the Australian Government (BETA) over the past two years.
  - Selecting a project
  - Investigating and analysing its design, desired outcome, impact
- Plan & execute class behavioural economics experiments to nudge students at your school into changing their behaviour in a certain way
  - Allows students to design and conduct, then analyse results of experiment
  - Focus on how insights of BE were used to modify behaviour and outcomes

# Unit 1 overall: Expanded selection of task types

- an analysis of written, visual and statistical evidence
- a folio of applied economics exercises
- problem-solving tasks
- a blog of media commentaries using print or electronic materials
- a report of an investigation or an inquiry
- a debate
- an essay / a structured report
- structured questions
- a presentation (oral, multimedia, visual)
- a web page
- media analyses
- case studies
- fieldwork
- investigate and/or conduct and report on a behavioural economics experiment
- economics simulation activities.

# Unit 2: Economic issues and living standards

- Reduced to TWO areas of study
- AOS 2 & 3 (Equity and Efficiency, Global Economic Issues) removed (but some of content integrated into AOS 2)
- In AOS 2 students conduct TWO separate Applied Economic Analyses – of two contemporary economic issues, with four issues to choose from:
  1. the changing labour market
  2. the economics of international trade
  3. the distribution of income and wealth
  4. economics and environmental sustainability

# Unit 2, AOS 1: Economic Activity

AOS 1 narrowed down slightly with removal of detailed coverage of trade off with environmental sustainability (moved to separate topic in U2/AOS 2)

Focus on economic growth and living standards and evaluating costs and benefits of continued economic growth and how we currently measure living standards.

Key content:

- Economic activity and living standards
- five sector model & business cycle
- AD and AS, AD & AS factors,
- measurement of eco growth, benefits & costs of eco growth,
- limitations of GDP / real GDP per capita and alternative measures.

# Unit 2, AOS 1 - Outcome 1

- On completion of this unit the student should be able to explain the purpose of economic activity, the distinction between material and non-material living standards, the factors that may affect levels of economic activity and growth, discuss the costs and benefits of economic growth and examine the impact of economic activity on living standards using alternative measures.

# Unit 2, AOS 2: Applied economic analysis of local, national and international economic issues

- Major change here – in effect a ‘choose your own adventure’ with four issues to choose from – teachers/students choose two issues.
- Structure for investigation is provided
- Very detailed elaborations of CONTENT for each issue investigation is provided in the Support Materials.
- Has been provided to textbook publishers, so should result in detailed (and consistent) content coverage in textbooks.
- Anita F & Marg W to unpack this section in detail in next workshop



# Unit 2, AOS 2 - The overarching idea?

Applied economics involves students applying insights of economic theory and key economic skills to analyse economic issues.

Students:

- Use tools of data collection, analysis, synthesis and evaluation to examine the issue through an economic lens
- Examine economic factors influencing the issue – and importance at a local, national and international scale
- Consider perspectives of relevant economic agents
- Evaluate validity & effectiveness of individual & collective response to the issue

# U2, AOS 2 - Structure for each investigation

- Students investigate two of the four current economic issues as listed; the changing labour market, the economics of international trade, the distribution of income and wealth, economics and environmental sustainability.
- The approach for each investigation will involve a similar structure, including:
  - A. The definition of the selected economic issue, including relevant measures and statistical indicators.
  - B. The economic factors influencing the extent of the selected economics issue.
  - C. The reasons why the issue is of importance to the economy at a local, national and international level.
  - D. The different perspectives of households, business, government and other relevant economic agents regarding the selected economics issue.
  - E. The economic responses undertaken by relevant economic agents at a local, national and international level, to address the economic issue, including government policies.
- Anita Forsyth will unpack the methodology for undertaking an applied economic analysis enquiry investigation.

# Unit 2, AOS 2 – Outcome 2

- On completion of this unit the student should be able to explain the factors that affect two economic issues at a local, national and international level and evaluate actions to address the issues.

# Choose two from four issues for Unit 2, AOS 2

- the changing labour market
- the economics of international trade and globalisation
- the distribution of income and wealth
- economics and environmental sustainability

# Unit 2: Suggested time allocations

| Area of study   | Suggested time allocation from the 50 available hours |
|---|---|
| 1. Economic activity  | 18 hours  |
| 2. Applied economic analysis of local, national and international economics issues – two issues to be selected from the four available issues | 2 x 16 hours = 32 hours                               |

# Detailed unpacking of each issue within Unit 2, AOS 2

- The 'Implementation' page of Support Materials on the Economics webpage VCAA (formerly the 'Advice for Teachers') has a detailed elaboration of EACH of the issues
- Also includes sample teaching and learning activities

(At this stage, sample T&L activities for only 2 of the 4 issues – don't let that put you off doing the other issues – in textbooks)

- Provides a guide to the key knowledge content of each issue
- Find it here: <https://www.vcaa.vic.edu.au/curriculum/vce/vce-study-designs/economics/Pages/Index.aspx>
- VCTA's *Compak* 2023 expected to include support materials

## Study design for implementation in 2023

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### ▼ 2023 Implementation

For accreditation period 2023-2027

-  [VCE Economics Study Design](#) for implementation in 2023

- **Support materials**

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- [Teaching and learning](#)
- [Assessment](#)

In the **'Planning' tab** – the elaborations for each issue

In the **'Teaching and learning' tab** – sample activities

# 1. The changing labour market

A. The definition of the selected economics issue, including relevant measures and statistical indicators:

- employment, unemployment, paid and unpaid work
- measures of the labour market
- causes and types of unemployment
- overview of trends in the size, distribution and composition of Australia's population and its implications for the labour market.

B. The reasons why issue is of importance to the economy at a local, national and international level:

- economic consequences of employment and unemployment in a local, national and international context
- economic consequences of changing employment patterns and labour market casualisation
- the economic consequences of demographic change including the possible impact on a nation's living standards.



# 1. The changing labour market (cont.)

C. The economic factors influencing the extent of the selected economics issue:

- factors that may affect the demand for, and supply of, labour
- the changing labour market including casualisation, ageing population, the gig economy, pay inequality and migration
- economic opportunities and outcomes for First Nations Australians
- economic causes of the changing labour market including technological change, international migration, demographic change, remote work and discrimination.

# 1. The changing labour market (cont.)

D. The different perspectives of households, business, government and other relevant economic agents regarding the selected economics issue:

- the experience and perspectives of households, businesses and other relevant economics agents in relation to changing labour market conditions and population.

E. The economic responses undertaken by relevant economic agents at a local, national and international level, to address the economics issue, including government policies:

- economic responses including labour market policies, population policies in Australia and internationally, changing levels of unionisation, the role of minimum wages, and policies relating to the provision of a universal basic income.

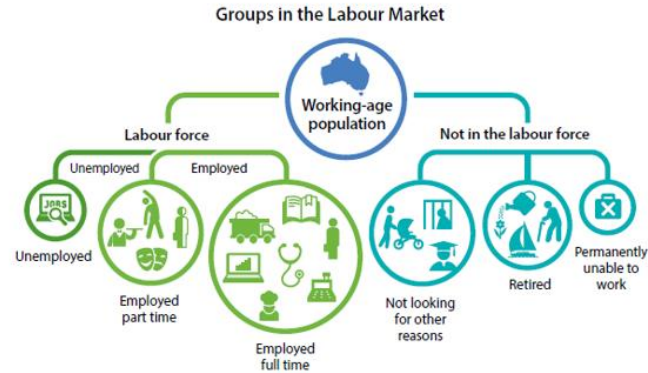
# Sample Activities 5

- Use RBA website – ‘Unemployment Explainer’ – to unpack the different measures of labour market
  - (VIDEO of teaching ideas on their ‘Education’ website)
- Types of unemployment – come up with series of scenarios for people in different parts of the labour market, or without jobs. Have students classify types of unemployment
- Reading & responding to media articles on consequences of unemployment and underemployment (e.g. Writing blog entries on various topics around the issues)
- Investigate how COVID-19 & technology has changed work
- Learning how to read population pyramids on changing demographics

# Example

- These activities are taken from a recent presentation I gave at the RBA Teacher Immersion Event.
- Can be found here:
- <https://www.rba.gov.au/education/professional-development/teacher-immersion-series/teacher-immersion-2022.html>

## Labour force classification activity



1. Based on the information in the diagram above answer the following question:

'Are you employed, unemployed or not in the labour force?'

Justify your response

# Example

2. Based on the information in the diagram above, classify each of the following individuals according to whether they are employed (EM), unemployed (UN), or not in the labour force (NLF).

Ensure you can **JUSTIFY** your classification based on the criteria.

| Scenario  | EM | UN | NLF |
|---|----|----|-----|
| Magenta is an actor who regularly applies for roles but has not had an acting gig in over six months.   |    |    |     |
| Belinda is a high-achieving Yr 11 school student who has decided to focus on her studies, rather than work part-time.   |    |    |     |
| Ephram was a commerce teacher at a prestigious secondary college. They have taken indefinite stress leave due to the ongoing challenges of teaching such a high-stakes subject        |    |    |     |
| Mathilda recently retired from her role as CEO of a large retail chain. She is now living a life of luxury on the Gold Coast.   |    |    |     |
| Gemma Barbell works at a local Yoga Studio for 2 hours per week unpaid in order to gain some experience. She'd really like to work more hours, and also be paid for her time.         |    |    |     |
| Mathangi is a highly experienced barista who has submitted 15 job applications in the last month but has yet to have a single interview. She has decided to stop trying to get a job. |    |    |     |
| Nazeem recently won Tattslotto and simply stopped turning up to work. His boss has since sent him an email to tell him he's fired.  |    |    |     |
| Murgatroyd has been disciplined by their employer for poor customer service in their role at a large fast-food chain. Their boss has reduced their shifts from 20 to 10 hours a week. |    |    |     |
| Simon is a stay-at-home carer for his four children under 10. He wouldn't mind doing something outside the house, but just doesn't have the time.                                     |    |    |     |

# Example

## Types of 'unemployment' classification task

1. Classify each of the following individuals according to what type of 'unemployment' they are experiencing.

Ensure you can **JUSTIFY** your classification based on the criteria.

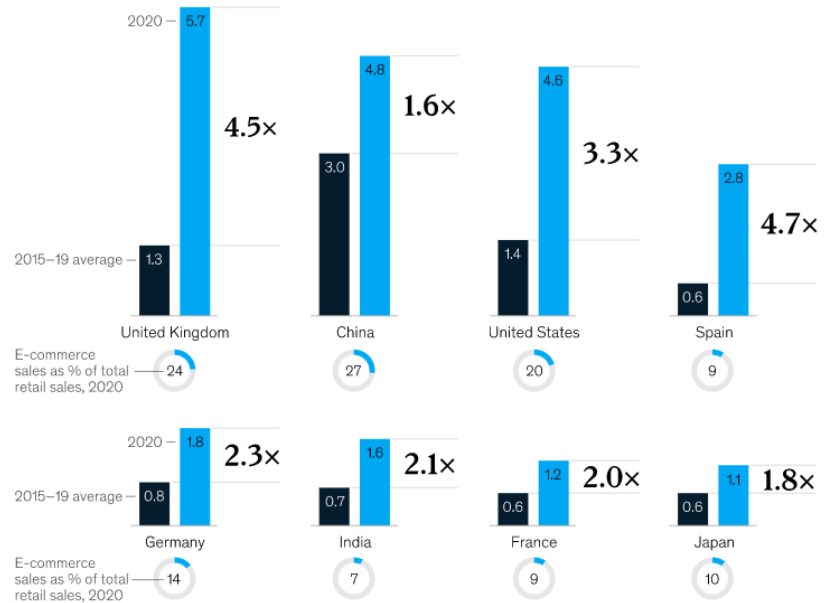
| Scenario  | Classification |
|---|----------------|
| I'm a welder – I used to work on a wind turbine assembly line but took time off to visit my family in New Zealand. When I came back, I had been replaced by a robot. The bosses said it was cheaper than me!  |                |
| I'm an accountant. I lost my job last year when my company had to cut staff due to a drop in business during the recession  |                |
| I've just left Swinburne Uni with an Economics qualification. There are lots of jobs around. <u>At the moment</u> I'm having lots of interviews, but I haven't found a job yet.   |                |
| I'm a single dad with two children, one of whom has a significant disability and is in need on constant care. I would love to work, but I can't leave the kids.   |                |
| I've just quit my job as a sales rep. I've been with the same company for 20 years, I'm sick of that place. I'm going to look in the papers and see if there are any job vacancies with someone else.   |                |
| I am a qualified Spanish language teacher, and I've been looking for a job for ages. There just don't seem to be enough schools teaching Spanish anymore. I've decided I can't be bothered looking anymore – I'll wait until things improve in the job market before putting in any more applications.                              |                |
| I'm a representative rugby player. I love my job, but last season I got a bout of COVID-19 and now I'm suffering from Long COVID. My contract's finished at my club now, and it could be years before I recover and am able to play again.  |                |
| I'm a gardener. I work as a contractor for builders. My last job was 6 weeks ago, but I hope I get some work from one of the builders soon.   |                |
| I work as an engineer at an Australian telecommunications company. We invested in a lot of risky shares in the Japanese <u>sharemarket</u> . Because of the recession over there, the <u>sharemarket's</u> crashed and we've lost a lot of money. The <u>company's</u> had to cut back on everything including staff, including me. |                |
| I'm 22 and living on my own. It's <u>really tough</u> , especially because I'm only working 17 hours a week for minimum wage, and inflation is so high right now. I've asked my boss if I could have more hours, but she hasn't done anything about it. I sure could use the money.   |                |

# Example

- Have students engage with the McKinsey (consultancy) report into impact of COVID-19 pandemic on work & future work
- <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>
- *e.g. COVID-19 may propel faster adoption of automation and AI, especially in work arenas with high physical proximity*

E-commerce has grown two to five times faster than before the pandemic.

Year-over-year growth of e-commerce as share of total retail sales, percentage points



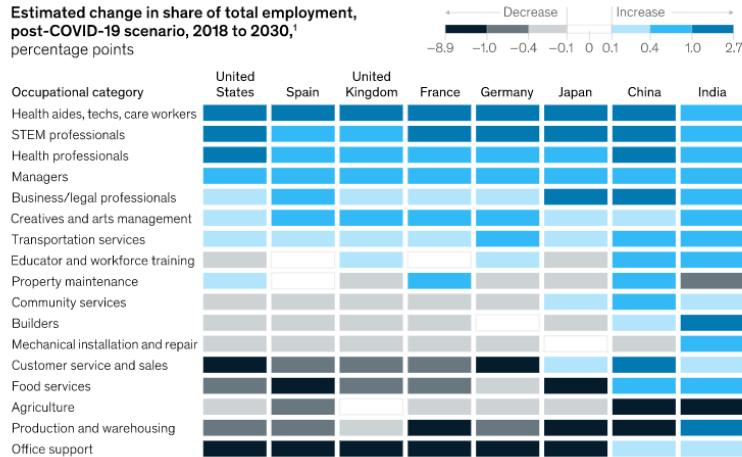
Source: Retailing by Euromonitor International, 2021; McKinsey Global Institute analysis

McKinsey  
& Company

# Example

The mix of occupations may shift by 2030 in the post-COVID-19 scenario.

Estimated change in share of total employment, post-COVID-19 scenario, 2018 to 2030,<sup>1</sup> percentage points



<sup>1</sup>The pre-COVID-19 scenario includes the effects of eight trends: automation, rising incomes, aging populations, increased technology use, climate change, infrastructure investment, rising education levels, and marketization of unpaid work. The post-COVID-19 scenario includes all pre-COVID-19 trends as well as accelerated automation, accelerated e-commerce, increased remote work, and reduced business travel. Source: McKinsey Global Institute analysis

McKinsey  
& Company

- Some great graphics in McKinsey – get students looking at them and analysing what they show.
- Ask them to critically consider limitations of these predictions also



# Example

- Investigate & describe the nature of 'gig' employment and the 'Uberisation' of many jobs (where workers become 'self-employed contractors' despite working in the same role for only one employer over an extended period of time.)
  - Consider options for govt regulation
  - Collect data and write a report.
- Visit ABS release on 'Working Arrangements'  
<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release> (yearly release)
  - Read some articles about implications of precarious work for various groups and living standards
  - Do a PMI or a CB analysis

# Example

- Universal Basic Income (UBI)
- Article from VCTA's *Compak*, Issue 5, 2019 on UBI
- Includes numerous activities and easy to update

The logo for COMPAK, featuring the word "COMPAK" in white, bold, uppercase letters on a dark orange rectangular background.A dark grey horizontal bar containing the text "ECONOMICS UNIT 2" in white, uppercase letters.

Universal basic income (UBI):  
Has its time come?

# 2. Economics of international trade and globalisation

This issue & activities will be unpacked by Anita and Marg in next Workshop

- A. The definition of the selected economics issue, including relevant measures and statistical indicators:
  - definition of international trade and financial flows
  - key features of Australia's trade and trading relationships
  - the measurement of Australia's trade and financial flows, including recent trends
  - the measurement of trade and financial flows between Australia and one of its major trading partners, including recent trends.
- B. The reasons why the issue is of importance to the economy at a local, national and international level:
  - the benefits of trade for regional, national and international living standards
  - the impact of trade tensions, protection and trade liberalisation on Australia's economy and specific industries.
- C. The economic factors influencing the extent of the selected economics issue:
  - the role of technological change and division of labour in international trade
  - exchange rates and their role in, and impact on trade
  - other aggregate demand and aggregate supply factors influencing Australia's trade and international trade patterns
  - trade protection, trade liberalisation and trade agreements and their effect on international trade

# 2. Economics of international trade and globalisation (cont.)

This issue & activities will be unpacked by Anita and Marg in next Workshop

- D. The different perspectives of households, business, government and other relevant economic agents regarding the selected economics issue:
- the experience and perspective of households, government, businesses and other economic agents relating to international trade, trade liberalisation and protectionism and international trade tensions
  - arguments in favour of and against trade liberalisation and protectionism from an individual, regional, national and international perspective.
- E. The economic responses undertaken by relevant economic agents at a local, national and international level, to address the economics issue, including government policies:
- Australia's trading agreements and alliances and regional partnerships and their effects on Australia's economy
  - the role of governments, international institutions (World Trade Organization) and global movements in recent developments in international trade, such as pro- and anti- trade movements.

# 3. Economics and environmental sustainability

(students may choose to focus on one environmental issue)

- A. The definition of the selected economics issue, including relevant measures and statistical indicators:
- the meaning and significance of key environmental economics concepts, including long-term economic prosperity, environmental sustainability, renewable and non-renewable natural resources, carrying capacity and the tragedy of the commons (SAMPLE ACTIVITY)
  - current environmental challenges that have been created from past and current economic decisions
  - current environmental performance of Australia on key environmental measures such as biodiversity, deforestation, air and water pollution, resource depletion, greenhouse gas emissions.

# 3. Economics and environmental sustainability (cont.)

- B. The reasons why the issue is of importance to the economy at a local, national and international level:
- the impact of environmental damage on Australia's economy and living standards
  - the impact of environmental damage on the international economy and living standards
  - the meaning of intergenerational equity
  - the potential trade-off between current economic growth and the economic prosperity and living standards of future generations.

# 3. Economics and environmental sustainability (cont.)

C. The economic factors influencing the extent of the selected economics issue:

- the concept of market failure
- how economic growth can negatively impact the environment including negative externalities and the depletion of natural resources
- the environmental consequences of market failure including climate change, depletion of natural resources, species extinction and deterioration of common access resources
- the potential compatibility between economic growth and environmental sustainability.

# 3. Economics and environmental sustainability (cont.)

- D. The different perspectives of households, business, government and other relevant economic agents regarding the selected economics issue:
- a consideration of the benefits accruing to economic agents from economic growth
  - a consideration of the perspectives of economic agents negatively impacted by the environmental consequences of economic growth
  - the implications of environmental damage for global equity and living standards.



### 3. Economics and environmental sustainability (cont.)

- E. The economic responses undertaken by relevant economic agents at a local, national and international level, to address the economics issue, including government policies:
- key economic responses and policies used to address environmental issues including market-based approaches, regulations, quotas, taxes, subsidies and a circular economy
  - evidence of the impact of economic responses and policies used to address environmental issues
  - an analysis of the costs and benefits of the policy responses, including how addressing environmental issues can improve living standards locally, nationally and internationally
  - the role of international organisations in responding to global environmental issues.

# Sample Activities 6

- Tragedy of the Commons
  - students create a fishing company and compete to be the most successful, leading to the inevitable collapse of the fish population
  - Use anything you can get LOTS of but will ultimately be limited
  - Student scramble to get hold of the 'resource' – until all are gone
  - Unpack ideas of limited resources
  - Could be adjusted to climate change as well – atmosphere

# Sample Activities 7

- Class forum on Paris Agreement targets (could cover both D & E in elaboration)
  - Students undertake different roles in relation to 'targets' for fulfilling our obligations under Paris Agreement
  - Research their designated person's perspective on the issue of increasing the targets (e.g. someone living in bushfire affected area, member of Greens, member of Labor party, coal miner etc.)
  - Research, present to class, class forum + reflection
- (Can be similar to the Adani Coal Mine activity in VCTA's Compak article, 2017)

# Example

- Recently released 'State of the Environment' Report
- Much media coverage
- 12 'Environmental Themes' fact sheets available
- Indigenous co-authorship model used for first time

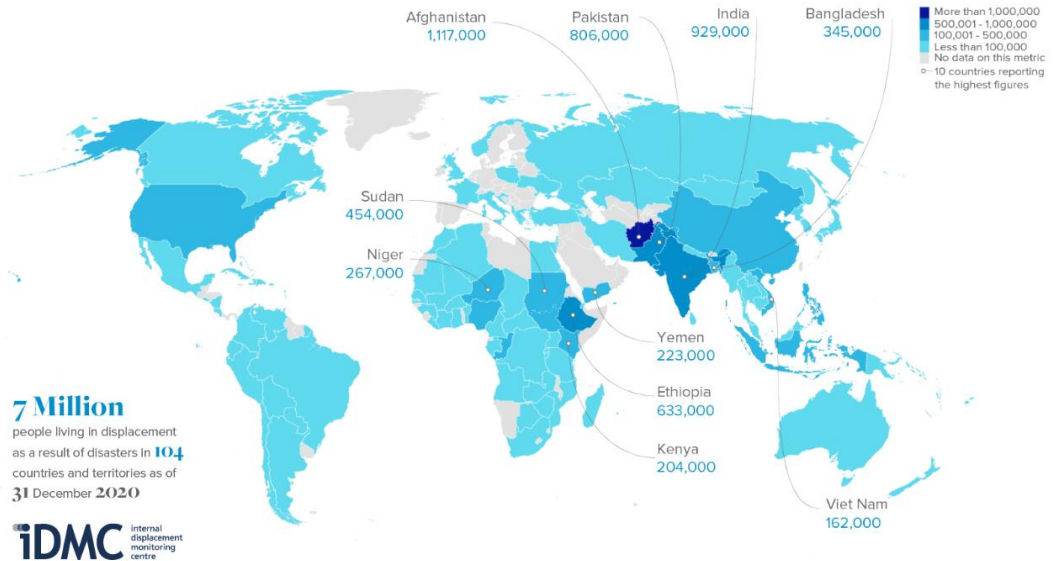


The 2021 State of the Environment report (SoE 2021) provides an independent, comprehensive and evidence-based assessment of the state of Australia's environment.

# Example

- Increasing numbers of people displaced by disasters linked to climate change
- Implications economically globally and for Aust.

Total number of IDPs by disasters as of 31 December 2020



<https://www.internal-displacement.org/research-areas/Displacement-disasters-and-climate-change>

# 4. Distribution of income and wealth

This issue & activities will be unpacked by Anita and Marg in next Workshop

- A. The definition of the selected economics issue, including relevant measures and statistical indicators:
- definitions of income: earned and unearned income, transfer income, gross income, disposable income, nominal and real income, social wage income and final income
  - the definition of wealth and the measurement of household net worth
  - the relationship between income and wealth
  - measures of the distribution of income and wealth, including the Lorenz curve and Gini coefficient
  - the difference between absolute and relative poverty
  - measures of poverty including the Henderson Poverty Lines
  - trends in rates of poverty and its incidence across Australia
  - trends in income and wealth distribution in Australia, including regional and demographic differences
  - trends in international income and wealth distribution
  - trends in the international incidence of poverty.
- B. The reasons why the issue is of importance to the economy at a local, national and international level:
- the economic and social effects of relative poverty on material and non-material living standards in Australia and internationally
  - the economic and social effects of income and wealth inequality on material and non-material living standards in Australia and internationally.

# 4. Distribution of income and wealth (cont.)

This issue & activities will be unpacked by Anita and Marg in next Workshop

C. The economic factors influencing the extent of the selected economics issue:

- causes of income inequality and poverty in Australia and internationally, such as unequal ownership of factors of production, relative levels of labour demand and labour supply, unemployment, lack of human capital, sovereign indebtedness, historical causes, First Nations opportunities and outcomes, gender inequality and discrimination.

D. The different perspectives of households, business, government and other relevant economic agents regarding the selected economics issue:

- economic arguments in favour of and against higher or lower levels of inequality in income and wealth distribution
- a consideration of different perspectives on what constitutes an appropriate level of income and wealth inequality.

E. The economic responses undertaken by relevant economic agents at a local, national and international level, to address the economics issue, including government policies:

- the impact of potential policy interventions on the distribution of income and wealth, including progressive, proportional and regressive taxes, unemployment and other government transfer payments, subsidisation of merit goods and universal basic income
- the definition of international aid
- evidence of the impact of international aid on international income distribution and poverty
- the role and effectiveness of international organisations in taking action to reduce international poverty, including the Sustainable Development Goals.

# Again – large selection of possible tasks

- an analysis of written, visual and statistical evidence
- a folio of applied economics exercises
- problem-solving tasks
- a blog of media commentaries using print or electronic materials
- a report of an investigation or an inquiry
- a debate
- an essay/a structured report
- structured questions
- a presentation (oral, multimedia, visual)
- a web page
- media analyses
- case studies
- economics simulation activities.



# Questions?

# VCE Economics 2023-2027

Units 3 and 4



VICTORIAN CURRICULUM  
AND ASSESSMENT AUTHORITY



VICTORIA  
State  
Government

# Unit 3: Australia's Living Standards & Unit 4: Managing The Economy

- The preambles provide a strong sense of the nature of each UNIT and each AREA OF STUDY (AOS).
- Strong alignment between the preambles and KK & KS.
- The word 'nature' removed from the KK. A bit vague.
- Focus on past two years maintained.

# Unit 3: Australia's Living Standards

- AOS 1: An introduction to microeconomics: the market system, resource allocation and government intervention
- AOS 2: Domestic macroeconomic goals
- AOS 3: Australia and the international economy

## SCHOOL ASSESSED COURSEWORK (INTERNAL ASSESSMENT)

- Outcome 1: 35%
- Outcome 2: 40%
- Outcome 3: 25%

School-assessed Coursework (SACs) for Unit 3 will contribute 25 per cent to the study score.

# Assessment Tasks (SACS)

The student's performance will be assessed using *two or more* of the following:

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

# Unit 4: Managing The Economy

- AOS 1: Aggregate demand policies and domestic economic stability
- AOS 2: Aggregate supply policies

## SCHOOL ASSESSED COURSEWORK (INTERNAL ASSESSMENT)

- Outcome 1: 60%
- Outcome 2: 40%

School-assessed Coursework (SACs) for Unit 4 will contribute 25 per cent to the study score.

# Assessment Tasks (SACs)

The student's performance will be assessed using *two or more* of the following:

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

# External Assessment

- The end-of-year examination will contribute 50% to the study score.
- All the key knowledge and key skills that underpin the Outcomes in Units 3 and 4 are examinable.
- Duration: 2 hours.
- Format

Section A will consist of 15 multiple-choice questions worth 1 mark each and will be worth a total of 15 marks.

Section B will consist of short-answer and extended-answer questions, including questions with multiple parts. The number of questions may vary from year to year. Section B will be worth a total of 65 marks.



# Unit 3: Outcome 1

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

# Unit 3: AOS 1 – Changes to Key Knowledge

- Production possibility frontier (PPF)
- Using the PPF to demonstrate economic efficiencies (AE, PE, DE, I-TE)
- The three basic economic questions (3BEQs)
- Theory of the Law of Demand: income effect and substitution effect
- Theory of the Law of Supply: profit motive
- *Number of suppliers added* to the list of non-price factors likely to affect supply and the position of the supply curve

# Unit 3: AOS1 – Changes to Key Knowledge

- The role of relative prices in the allocation of resources

COMMENT: *and the effect on living standards removed.*

- The role of free and competitive markets in promoting an efficient allocation of resources and improved living standards

COMMENT: new, also in key skills.

- One example of a government intervention in markets that unintentionally leads to a decrease in one of allocative, productive, dynamic or intertemporal efficiency

COMMENT: one example, one type of efficiency.

# Unit 3: AOS 1 – Changes to Key Skills

- construct and interpret the PPF model
- analyse how the forces of demand and supply effect equilibrium price and quantity traded
- analyse the responsiveness of the quantity demanded and the quantity supplied to changes in price

# Unit 3: AOS 1 – Changes to Key Skills

- evaluate the role of free and competitive markets in achieving an efficient allocation of resources

COMMENT: free >>> absence of govt. regulation.

COMMENT: competitive >>> characteristics of a perfectly competitive market.

- Many buyers and many sellers
- Homogenous/identical products
- Low barriers to entry/exit
- Resource mobility
- Perfect information

IMPLICATIONS: sellers are 'price takers', absence of market power, consumer sovereignty prevails.

COMMENT: relative strengths/weaknesses, provide an opinion.

COMMENT: links to market failure.

# Unit 3: Outcome 2

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

# Unit 3: AOS 2 – Changes to Key Knowledge

- *other events including government regulations and disruptions to international supply chains* added to the list of aggregate supply factors
- The aggregate demand curve and the aggregate supply curve removed

COMMENT: frees up time.

COMMENT: teachers can still use AD/AS curves (diagrams) to teach content but not examinable.

# Unit 3: AOS 2 – Changes to Key Knowledge

## Strong and sustainable economic growth (SSEG)

- Consequences of not achieving the MEG of SSEG and its effect on LS
  - too high: environmental degradation, external pressures and high inflation
  - too low: high unemployment

COMMENT: replaces the reasons for pursuing SSEG.



# Unit 3: AOS 2 – Changes to Key Knowledge

## Full employment (FE)

- *Explicit knowledge* of the NAIRU (natural rate of unemployment) required in relation to the *meaning of the MEG of full employment* .
- Consequences of not achieving the MEG of FE and its effect on living standards. Alignment with SSEG.
  - too high: impact on GDP and tax revenue
  - too low: inflation

# Unit 3: AOS 2 – Changes to Key Knowledge

## Full employment (FE)

- Hidden unemployed, long-term unemployed and frictional unemployed added to classifications within the labour market
- The difference between cyclical and structural unemployment
- Seasonal and hard-core unemployment removed.

# Unit 3: AOS 2 – Changes to Key Knowledge

## Low and stable inflation (price stability)

- The distinction between inflation, disinflation and deflation
- The consequences of not achieving the MEG of LSI and its effect on living standards. Alignment with SSEG/FE.
- too high: erosion of purchasing power, development of a wage-price spiral, distortion of spending and investment decisions, lower returns on investment, loss of international competitiveness
- too low: delayed consumption and unemployment

# Unit 3: AOS 2 – Changes to Key Skills

- construct, interpret and apply economic models including the five-sector circular flow model of income and the business cycle
- apply economic concepts to analyse economic relationships and make predictions
- evaluate the extent to which the economy has achieved the domestic macroeconomic goals over the past two years and the effect of this on living standards

# Unit 3: Outcome 3

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

# Unit 3: AOS3 – Changes to Key Knowledge

- Gains from trade replaces the relationship between trade and living standards

COMMENT: essentially the same.

- The relationship between the current account, and the capital and financial account removed

COMMENT: however, implied in key knowledge: the balance of payments and its components.

# Unit 3: AOS 3 – Changes to Key Knowledge

- Factors affecting the exchange rate: capital flows replaced by foreign investment. Credit ratings and speculation added. Terms of trade changed to commodity prices and the terms of trade.

COMMENT: greater clarity.

- Factors affecting the terms of trade have been specified: commodity prices and production costs in trading partners.

COMMENT: greater clarity.

# Unit 3: AOS 3 – Changes to Key Knowledge

- The effect of movements in the terms of trade and the exchange rate, and changes in international competitiveness on the DMEG & LS.

COMMENT: students need to understand the factors that influence the E/R, ToT and IC but also how changes in these variables influence the DMEG & LS.

- Trade liberalisation removed from Unit 3, AOS 3 and placed into Unit 4, AOS 2.

COMMENT: frees up time.



# Unit 4: Outcome 1

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

# Unit 4: AOS 1 – Changes to Key Knowledge

- Change in order: monetary policy first, budgetary policy second.

COMMENT: allows teachers the time to ‘unpack’ the most recent budget.

- Conventional monetary policy (cash rate target) and how it affects interest rates replaces the role of open market operations in altering interest rates.

COMMENT: to better reflect how the RBA changes the cash rate.

# Unit 4: AOS 1 – Changes to Key Knowledge

- One example of the operation of an *unconventional monetary policy* policy tool from the past two years

COMMENT: to better reflect changes in monetary policy in recent times. QE, forward guidance, term funding facilities, negative interest rates etc.???

- Availability of credit removed as a monetary policy transmission mechanism.

COMMENT: to reflect RBA's educational resources.

# Unit 4: AOS 1 – Changes to Key Knowledge

- Progressive, proportional and regressive taxes added.
- The underlying cash balance (budget outcome) including as a proportion of GDP  
COMMENT: greater clarity about the reporting of budget outcomes.
- the effect of the budgetary policy stance and budgetary initiatives over the past two years and their likely effect on the achievement of domestic macroeconomic goals and living standards  
COMMENT: two key knowledge points rolled into one.

# Unit 4: AOS 1 – Changes to Key Skills

- analyse the effect of current factors on the setting of aggregate demand policies and living standards

COMMENT: similar to current Study Design.

- predict the impact of changes in aggregate demand policies on the achievement of the domestic macroeconomic goals and living standards

COMMENT: better reflects what students need to be able to do.

- analyse the strengths and weaknesses of aggregate demand policies in achieving the domestic macroeconomic goals and living standards.

COMMENT: evaluation (form an opinion, reach a conclusion) no longer required. Replaced with analyse.

# UNIT 4: OUTCOME 2

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

# Unit 4: AOS 2 – Changes to Key Knowledge

- the use of aggregate supply policies to complement aggregate demand policies in promoting non-inflationary economic growth over time

COMMENT: to highlight the complementary nature of AD & AS policies in the policy mix.

- the operation of aggregate supply policies in improving supply-side conditions through their impact on the quantity and quality of the factors of production, the costs of production and productivity, and the effect on Australia's international competitiveness, productive capacity and aggregate supply

COMMENT: to better reflect the language used in UNIT 3, AOS 2 – aggregate supply factors.

# Unit 4: AOS 2 – Changes to Key Knowledge

- Students are only required to study ONE budgetary policy aggregate supply policy from the following list:
  - Training and education
  - R & D
  - Subsidies
  - Infrastructure
  - Tax reform

COMMENT: welfare reform has been removed and students only need to know one BP AS policy. Frees up time for the inclusion of trade liberalisation and environmental policies.



# Unit 4: AOS 2 – Changes to Key Knowledge

- the effect of Australia's skilled immigration policy on population, productivity and participation and its effect on productive capacity, aggregate supply, Australia's international competitiveness, the achievement of domestic macroeconomic goals and living standards

COMMENT: immigration policy retained but language better reflects the language used by 'econocrats': the 3Ps.

COMMENT: focus is exclusively on skilled immigration.

# Unit 4: AOS 2 – Changes to Key Knowledge

- trade liberalisation and its short term and long term effects on Australia's international competitiveness, the allocation of resources, aggregate supply, and the domestic macroeconomic goals and living standards

COMMENT: trade liberalisation has moved from UNIT 3: AOS 3 to UNIT 4: AOS 2.

COMMENT: focus on short-term and long-term effects.

COMMENT: links back to an efficient allocation of resources from UNIT 3, AOS 1.

# Unit 4: AOS 2 – Changes to Key Knowledge

- one market-based environmental policy and its short term and long term effects on aggregate supply, intertemporal efficiency and living standards

COMMENT: re-introduced to UNIT 4.

COMMENT: one market-based environmental policy e.g., emissions trading scheme (ETS), carbon tax, subsidies etc.

COMMENT: link to AS, I-TE and LS rather than DMEGs.

# Unit 4: AOS 2 – Changes to Key Knowledge

- Strengths and weaknesses of using aggregate supply policies has been removed.

COMMENT: too many AS policies, too time consuming.

# Unit 4: AOS 2 – Changes to Key Skills

- analyse the effect of budgetary, immigration and trade liberalisation policies on aggregate supply, international competitiveness, the domestic macroeconomic goals and living standards
- analyse the effect of an environmental policy on aggregate supply and living standards over time

COMMENT: skills articulate what the students need to do with the key knowledge.

# Questions?

# Contact

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