STUDENT NUMBER:	
TEACHER:	

BAULKHAM HILLS HIGH SCHOOL

HIGHER SCHOOL CERTIFICATE

2022 **TRIAL HSC EXAMINATION**

Economics

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- Calculators approved by NESA may be used
- Write your student number and teacher's name on the multiple choice answer sheet

Total marks: 100

Section I - 20 marks (pages 2-9)

- Attempt Questions 1 – 20
- Allow 35 minutes for this section

Section II - 40 marks (pages 11-22)

- Attempt Questions 21- 24
- Allow about 1 hour and 15 minutes for this section

Section III - 20 marks (pages 24-25)

- Attempt either Question 25 or Question 26
- Allow about 35 minutes for this section

Section IV - 20 marks (page 27)

- Attempt either Question 27 or Question 28
- Allow about 35 minutes for this section

Question	Mark
Multiple Choice Q1-20	/ 20
Short Answer Q21	/ 10
Short Answer Q22	/ 10
Short Answer Q23	/ 10
Short Answer Q24	/ 10
Extended Response Q25 OR Q26	/ 20
Extended Response Q27 OR Q28	/ 20
TOTAL	**/ 100**

Section I

20 marks

Attempt Questions 1 – 20

Allow about 35 minutes for this section

Use the multiple choice answer sheet for Questions 1-20

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1. Which of the following international organisations is a major forum which coordinates global policy on trade, health, climate, and other issues?

   A. The World Bank
   B. The World Trade Organisation
   C. G20
   D. The International Monetary Fund

2. The table shows GDP per capita, the Human Development Index (HDI) values and Gini Co-efficient for two countries.

Country	*GDP per capita*	*HDI*	*Gini Coefficient*
A	US$15 000	0.75	0.8
B	US$20 000	0.9	0.7

   Which of the following statements is the most correct based on the information provided?

   A. Country A has a more equitable distribution of income than Country B
   B. Country B has a higher level of human development than Country A
   C. Country A has a less equitable distribution of income than Country B
   D. Country B has a lower per capita GDP than Country A

3. Which of the following best reflects the current composition of Australia's exports?

   A. Australia's largest export category in terms of value is rural exports
   B. Australia's share of manufactured exports is smaller than rural exports
   C. Australia's share of manufactured exports is greater than service exports
   D. Australia's share of service exports is smaller than the export of minerals

4. The Australian Government decides to peg the value of the Australian dollar to the US dollar.

   Which of the following scenarios best demonstrates an adverse effect of this type of exchange rate system for Australia?

   A. Australia is in a boom and the USA has an expansionary monetary policy

   B. Australia is in a recession and the USA is experiencing high unemployment

   C. Australia is in a boom and its fixes its exchange rate above the equilibrium rate

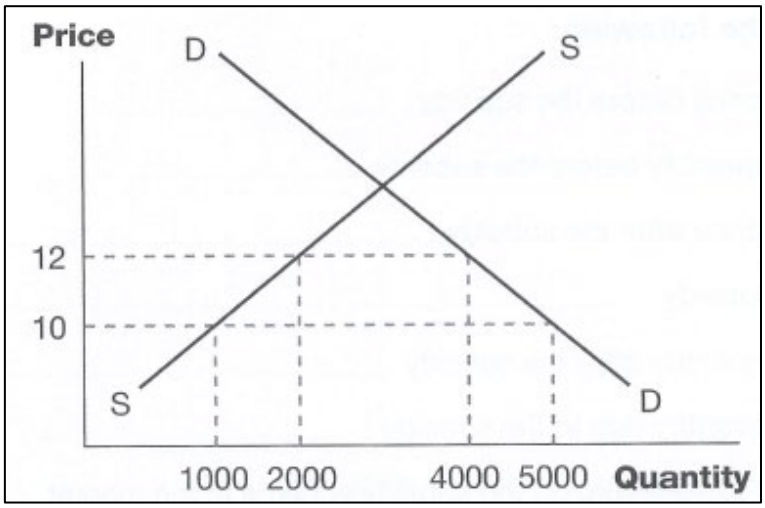
   D. Australia is in a recession and its fixes its exchange rate

5. A local manufacturer of building products decides to install new and more effective anti-pollution technology in its factories following the introduction of a carbon tax.

   Which of the following outcomes would arise due to this action?

   A. An increase in private costs and a reduction in negative externalities.
   B. An increase in private costs and an increase in negative externalities.
   C. An increase in social costs and an increase in negative externalities.
   D. An increase in social costs and a reduction in negative externalities.

6. The diagram shows the impact of a quota in a hypothetical economy.



   What is the effect of the quota on the price and revenue of the overseas producer?

	Price after quota	*Overseas producer revenue after quota*
A.	10	20 000
B.	12	20 000
C.	10	24 000
D.	12	24 000

7. The following table shows data for the labour market of a hypothetical economy.

Population	*Population over 15 years*	*Employed*	*Unemployed*	*Long term unemployed*
30 million	24 million	16 million	1 million	0.5 million

Which of the following statements is true for this economy?

	Unemployment Rate %	*Labour force participation rate %*
A.	4.2	53
B.	8.6	71
C.	5.9	71
D.	6.3	67

8. Which of the following statements about trade blocs is correct?

   A. They increase trade between non-member and member countries.
   B. They can lead to trade diversion from efficient non-member countries to inefficient member countries.
   C. They apply the same level of protection to member and non-member countries.
   D. They allow member states to use the same currency.

9. In 1983 Australia moved to a floating exchange rate.

   Which of the following has been a disadvantage of the floating exchange rate?

   A. Decreased effectiveness of monetary policy
   B. Decreased ability to absorb price shocks
   C. Increased foreign currency reserves
   D. Increased exchange rate volatility

10. The following table shows selected economic data for a hypothetical economy.

Year	*Import Price Index*	*Export Price Index*
1	100	100
2	110	88

All other things below equal, which of the following are correct for Year 2 ?

	Terms of trade	*Effect*
A.	125	The economy can increase its imports of goods and services with the given volume of exports
B.	80	The economy can increase its imports of goods and services with the given volume of exports
C.	125	The economy can import less goods and services with the given volume of exports
D.	80	The economy can import less goods and services with the given volume of exports

11. The table shows current account data for a hypothetical economy with a floating exchange rate.

	$ billions
Australian assets owned by foreigners	400
Foreign assets owned by Australians	800
Net foreign debt	?
Net foreign liabilities	1200

What is the value of Australia's Net foreign debt?

A. - $16 00 billion
B. - $2000 billion
C. $16 000 billion
D. $2 400 billion

12. The following table showing data for a hypothetical economy.

Year	*Nominal GDP* *$millions*	*CPI*
1	1 600	100
2	1 850	110

What is the real level of GDP (to nearest whole number) in Year 2?

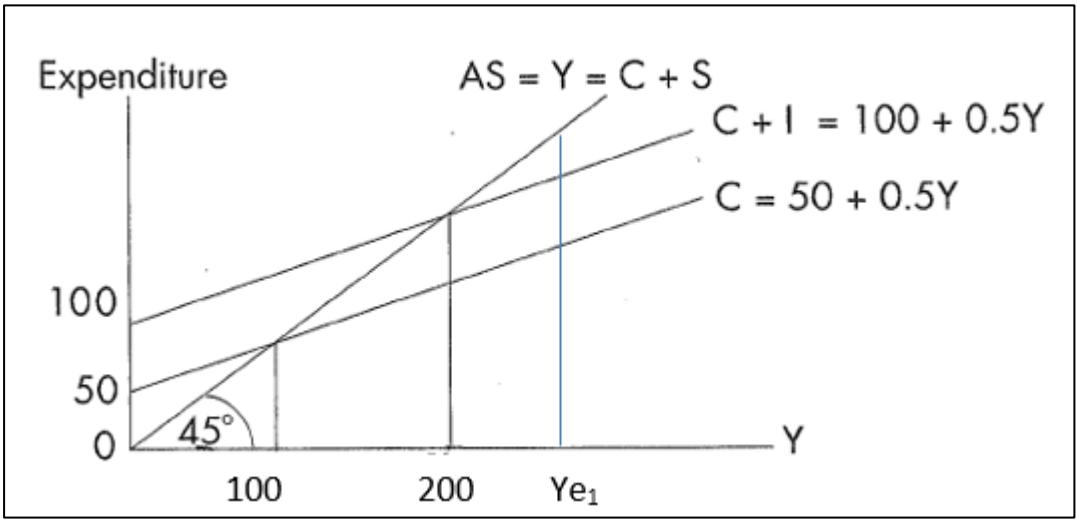
A. $1600

B. $1682

C. $1850

D. $1455

13. The following diagram shows the equilibrium level of national income in the three-sector model.



What is the value of the equilibrium level of national income, Ye_1 if investment increases by 50?

A. $200

B. $225

C. $250

D. $300

14. Which of the following is NOT a cause of structural change?

A. Changes in consumer taste
B. An increase in GDP per capita
C. An increase in innovation by firms
D. The removal of a subsidy given to domestic firms

15. A government wants to protect its industries from import competition. Which combination of trade policies would be most appropriate to achieve this?

	Tariffs on imported goods	Quotas on imported goods
A.	increase	increase
B.	increase	decrease
C.	decrease	decrease
D.	decrease	increase

16. Which of the following is NOT contained in the National Employment standards?

A. Fair Work Information Statement
B. Maximum weekly hours
C. Notice of termination
D. Overtime and penalty rates

17. The Australian government has decided to fully subsidise the cost of vaccines against COVID19.

What is the economic reasoning of this decision?

A. It would create jobs and growth during the recession
B. Private costs outweigh the private benefits
C. Social benefits outweigh the private benefits
D. There were political considerations it needed to take as an election was looming

18. The table shows exchange rate movements for the Australian economy and the United States economy.

Year	Australian dollar AUD	US dollar USD
1	1.00	0.80
2	1.20	1.00

All other things being equal, which of the following best accounts for the fluctuation of the exchange rate between Year 1 and Year 2?

A. There has been an appreciation of the AUD due to US central bank adopting a contractionary monetary stance.

B. There has been an appreciation of the AUD due to an improvement in the Australian terms of trade.

C. There has been an appreciation of the USD due to strong US economic growth.

D. There has been an appreciation of the USD due to increased access into US equity markets by foreigners.

19. Which of the following policy combinations could be used to reduce the non-accelerating inflation rate of unemployment (NAIRU)?

A. Reduce income tax rates and increase government spending on infrastructure.

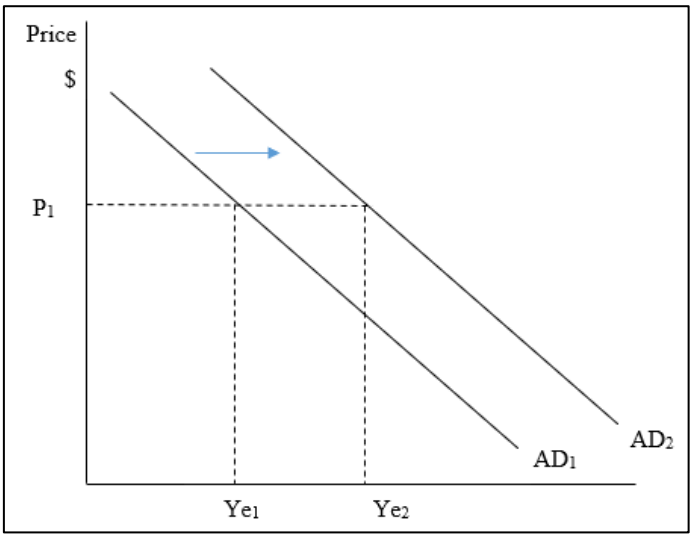
B. Increase subsidies for the hiring of apprentice employees and increase training programs for the long term unemployed.

C. Decrease the rate of the Goods and Services Tax (GST) and decrease government spending allocated towards infrastructure.

D. Increase company tax rates and decrease the level of government funding allocated towards the upskilling of the underemployed.

20. The following diagram shows the aggregate demand curves for a hypothetical economy.

Which of the following factors is the most likely cause of the shift of the aggregate demand curve from AD_1 to AD_2?



A. An improvement in wage growth.
B. Removal of the Low- and Middle-Income Tax Offset (LMITO).
C. An increase in savings and taxation.
D. Contractionary monetary policy to address inflationary concerns.

End of Section I

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Section II

40 Marks
Attempt Questions 21-24
Allow about 1 hour and 15 minutes for this section

Instructions

- Answer the questions in the spaces provided. These spaces provide guidance for the expected length of your response.
- Extra writing space is provided on pages 20-22.
  If you use this space, clearly indicate which question you are answering.

Please turn over

Question 21 (10 marks)

(a) A hypothetical economy has a simple multiplier of 5.

Calculate the change in national income that would result from a decrease in investment of $100 million. **1**

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(b) Outline why an economic downturn in China may impact on economic growth in Australia. **2**

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(c) Outline TWO sources economic growth. **2**

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Question 21 continues on page 13

(d) Explain the effect of increased growth on the Australian budget and public sector debt. **5**

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End of Question 21

Question 22 (10 marks)

(a) Outline TWO benefits of free trade. **2**

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(b) For an economy other that Australia, explain how recent changes in the international business cycle have impacted on its economic growth. **4**

Economy: _____

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Question 22 continues on page 15

(c) Explain how globalisation has affected the distribution of wealth in the global economy. **4**

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End of Question 22

Question 23 (10 marks)

(a) Outline the main forms of dispute resolution used in Australia. **2**

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(b) Outline the role of the National Employment Standards and the national minimum wage in Australia's industrial relations system. **3**

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Question 23 continues on page 17

(c) Analyse the effect of low wage growth on the Australian economy. **5**

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End of Question 23

Question 24 (10 marks)

(a) The following table shows Balance of Payments data for a hypothetical economy with a floating exchange rate.

Balance of Payments components	$billions ($bn)
Export goods	120
Import goods	60
Service credits	80
Service debits	200
Net Primary Income	-20
Net Secondary Income	-10

Calculate the balance on the Capital and Financial Account. **1**

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(b) An Australian investor purchases shares in a foreign company, giving them less than 10% equity.

Explain how this transaction could impact on TWO components of Australia's Balance of Payments. **4**

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Question 24 continues on page 19

(c) Explain ONE macroeconomic policy and ONE microeconomic policy that could be used to improve Australia's Balance of Payments performance. **4**

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End of Question 24

Section II extra writing space

If you use this space, clearly indicate which question you are answering.

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Section III

20 Marks
Attempt either Question 25 or Question 26
Allow about 35 minutes for this section

Answer the question in the Section III writing booklet provided. Extra paper is available. Clearly state the question attempted and complete your Student Number and teacher's name.

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- use the information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

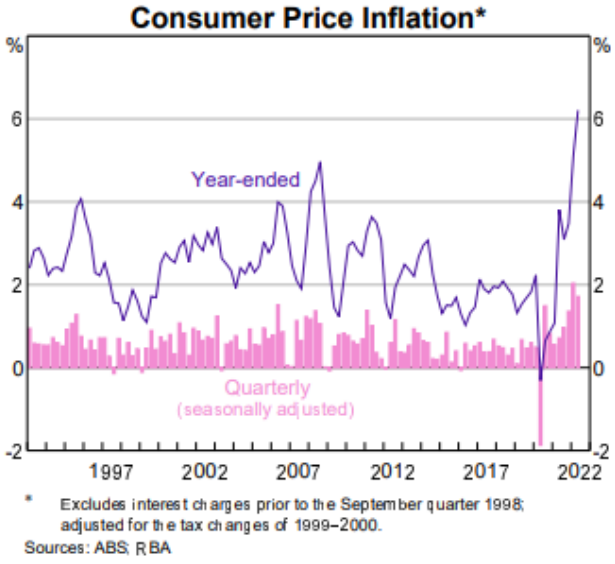
Question 25 (20 marks)

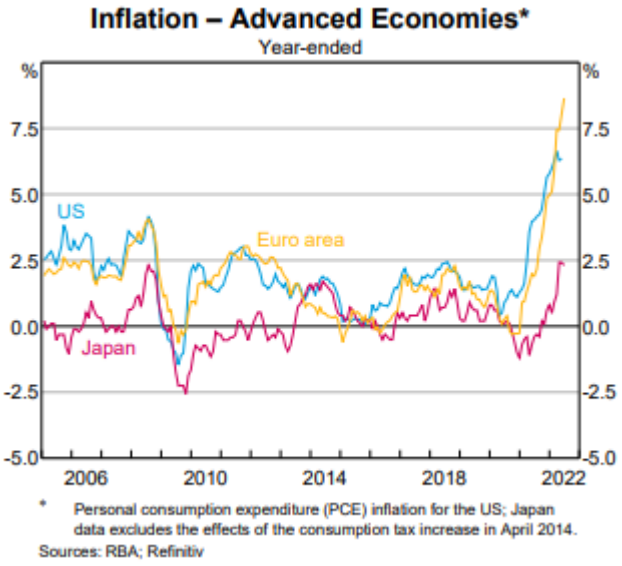
Evaluate the effectiveness of government policies in addressing inflation in the Australian economy.

If people setting prices and wages were to believe that higher inflation will persist, they are more likely to push prices and wages up. This could result in a self-reinforcing cycle: one in which higher inflation leads to firms being more willing to put their prices up and agree to larger wage claims, which then perpetuates the higher rate of inflation, and the cycle repeats itself.

COVID-related disruptions to global supply chains will ease further over the months ahead. Delivery times are improving and some supply bottlenecks are easing as firms adjust to the new operating environment. The effects of this and some rebalancing in consumer demand are now evident in some global markets, with declines in the global prices of products as diverse as computer chips and timber RBA

Address to the Australian Strategic Business Forum July 2022





OR

Question 26 (20 marks)

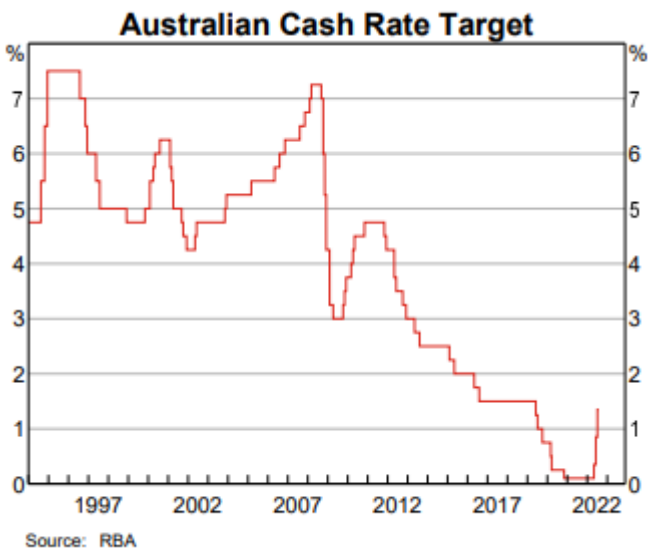
Analyse the limitations of macroeconomic policies in addressing internal stability and external stability in the Australian economy.

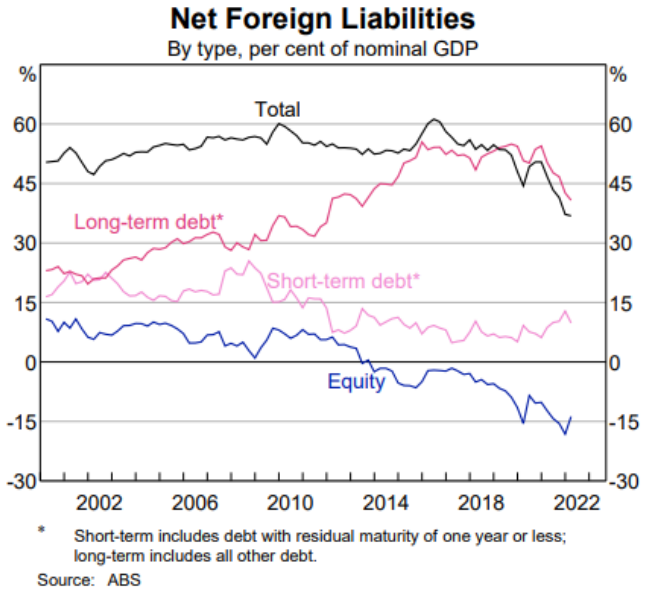
"With an eye firmly on the election, the Budget is a crowd pleaser, with a halving of fuel excise for the next 6 months and a one-off increase to the offset for low to middle income earners the headline acts. On the downside, the budget forecasts a decade of deficits, with net debt peaking at $864 billion in 2026."

Source: Ahurst: Australian Federal Budget 2022 - 2023 - Is it the sugar hit that Australia needs?

"The RBA should have done better, should have been able to forecast the future more accurately, should have been smarter in using the blunt tool that is monetary policy, either raising or cutting rates more quickly… mistakes will always be made when dealing with something as uncertain as the global and domestic economic outlook. But, on balance and compared with its peers, the RBA has been successful in doing what it can to assist the Australian economy over the past three decades. "

Source: Michael Pascoe: Australian official briefed foreign power against RBA





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Section IV

20 Marks
Attempt either Question 27 or Question 28
Allow about 35 minutes for this section

Answer the question in the Section IV writing booklet provided. Extra paper is available. Clearly state the question attempted and complete your Student Number and teacher's name.

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- apply relevant economic information, terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 27 (20 marks)

Assess the effectiveness of Australia's environmental management policies used to address climate change.

OR

Question 28 (20 marks)

Analyse the impact of changes in the exchange rate on the Australian economy.

End of paper

BAULKHAM HILLS HIGH SCHOOL

HIGHER SCHOOL CERTIFICATE

2022 TRIAL HSC EXAMINATION

Section I

1	2	3	4	5	6	7	8	9	10
C	BC	BD	A	A	D	C	B	D	D
11	12	13	14	15	16	17	18	19	20
C	B	D	B	B	D	C	B	B	A

Section II

Question 21 (10 marks)

(a) A hypothetical economy has a simple multiplier of 5.

Calculate the change in national income that would result from a decrease in investment of $100 million. **1**

Criteria	Marks
• Correctly calculates the decrease in national income as -$500 m	1

Comments

- Most students correctly calculated the answer.
- All working out is encouraged
- Ensure a minus sign and *decrease* are clearly part of your response

Suggested answer

K x change in AD = change in Y
5 x -100= change in Y
Change in Y_N is a decrease of -$500 million

(b) Outline why an economic downturn in China may impact on economic growth in Australia. **2**

Criteria	Marks
• Sketches in general terms the reasons for the decrease in EG in Australia	2
• Sketches in general terms a reason for the decrease in EG OR • Provides some relevant information about downturn in China/downturn in Australia (some link)	1

Comments

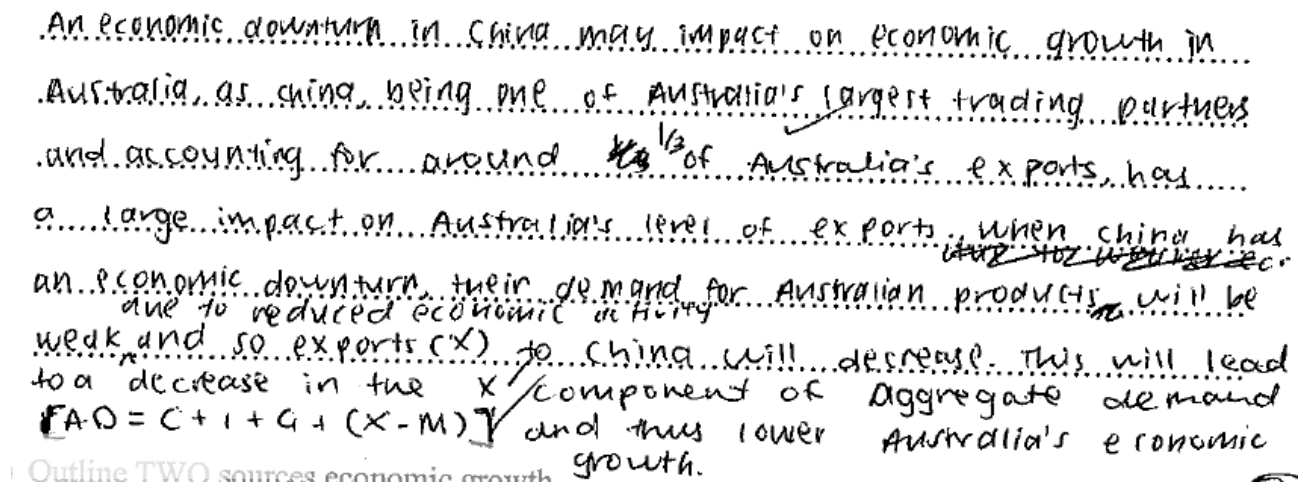
- Most students gave the 2 reasons why the downturn in China would affect Australia
- Avoid excessive short hand in your response- arrows up and down, abbreviations such as X, EG

Suggested answer

Reason #1-China is Australia's largest trade partner. In 2020-21 39.9% of Australia's merchandise trade was exported to China
Reason #2 Australia's economic growth is negatively affected by a decrease in demand for our exports. X are a main source of growth. AD= C + I + G + X-M

- A economic downturn in China would mean a decrease in demand for goods exports of commodities, especially energy commodities eg iron ore, coal , gas from Australia. China is Australia largest two-way trading partner (around 40% of our export trade in world in 2020-21), so even a small decrease in their EG will decrease demand for Australian exports, particularly commodities in ST. A decrease in their EG will also see their middle class decreasing their demand for our services, ie our exports in tourism and education, both in our top 5 exports. Our export revenue is a key source of economic growth. So as exports decrease to China then our Eg will decrease as well.

Sample Response


An economic downturn in China may impact on economic growth in Australia, as china being one of Australia's largest trading partners and accounting for around 1/3 of Australia's exports, has a large impact on Australia's level of exports. when china has an economic downturn due to reduced economic activity their demand for Australian products will be weak and so exports (X) to China will decrease. This will lead to a decrease in the X component of Aggregate demand AD = C + I + G + (X - M) and thus lower Australia's economic growth.

(c) Outline TWO sources economic growth. **2**

Criteria	Marks
• Clearly sketches in general terms TWO sources of EG	2
• Sketches in general terms ONE source of EG AND /OR • Provides some relevant information about economic growth	1

Comments

- Most students outlined two sources of growth.
- Care needed when identifying Investment as a source of growth. Investment is part of AD and leads to increases in incomes. Whereas increases in capital or technology leads to increased efficiency which then increases AS.
- Avoid overlapping choices eg consumption and G spending; I and new technologies;- especially if you link them specifically to AD or AS

Suggested answers

Sources of economic growth- INCREASES IN AD or AS

Anything that encourages growth in AD -increases in (C + I + G + (X-M)) will be a source of growth

- Consumption
- Investment
- Government spending and Taxation
- Exports (Net X)

INCREASES in Aggregate supply

- Increase in qty or quality of the factors of production as a source of growth:-
  (popn growth, new resources discovered, human capital growth-skills/education, increased capital-deepening/widening, new technologies, measures to improve efficiency)
- Government policies as a source of growth-fiscal stimulus, measures to improve efficiency, migration policy

Sample response

① Increase in consumption due to increase in incomes can lead to greater economic growth by stimulating aggregate demand. As incomes rise, so do the purchasing power's and confidence of consumers. As consumption increases since AD = C+I+G+X-M, firms respond to growing demand with an increase in their supply to maximise profits. Hence creating economic growth as output increases over time.

② Increase in government expenditure also promotes economic growth as it is an injection to the economy. Government expenditure such as unemployment benefits and spending on infrastructure projects help boost individual incomes by increasing employment opportunities or providing individuals

Question 21 continues on page 13

with a greater safety net to spend. Thereby increasing GDP (AD = C+I+G+X-M), government expenditure is a source of economic growth.

(d) Explain the effect of increased growth on the Australian budget and public sector debt. **5**

Criteria	Marks
• Demonstrates a clear understanding of how increased EG impacts on the Australian budget and public sector debt. Provides examples and data to support the response.	5
• Demonstrates a good understanding of how increased EG impacts on the Australian budget and public sector debt.	4
• Demonstrates a sound understanding of increased EG impacts on the Govt budget and public sector debt OR • Demonstrates a good understanding of increased EG impacts on budget or PSD	3
• Demonstrates a basic understanding of the effects of increased EG on the Govt budget and public sector debt OR • Demonstrates a sound understanding of the effect on the Govt budget OR public sector debt	2
• Makes relevant statement/s about effects of EG on the Australian budget OR public sector debt	1

Comments

- A wide range of marks across this part of the Q 1-5
- Ensure you complete your response in a logical order
- Better responses showed a clear understanding of how the automatic stabilisers (ie Personal income tax **AND** U/E benefits) worked and how FP's M/L term objective is to achieve fiscal consolidation.
- Confusion over NFD, private sector debt and PSD
- Better answers showed the effects on PSD in ST (smaller budget deficits- maintaining the size of debt through to running budget surplus in LT and using them to retire the debt)
- Avoid general statements like "*an increase in EG will improve the budget"*
- Avoid making statements about the government moving in *expansionary or contractionary stance*- the budget outcome is more relevant

- Better responses **explained** the links rather than making statements and then using " Hence or Thus"
- Better responses also noted increase revenue from GST and Company tax, stemming from increased consumption and profits associated with higher EG
- Better responses also noted decreases in expenditure as many welfare payments are means tested

Suggested answers

Effect on budget- SMALLER DEFICIT or LARGER SURPLUS

- Automatic stabilisers- both Tand G aspects need to be addressed
  - As Y increase -progressive nature of personal income tax= increase govt tax receipts, known as "fiscal drag" -higher income = higher rates of marginal tax paid. Reducing the size of budget- ie smaller budget deficits/ larger budget surpluses in ST or from deficit to surplus.
  - Also, as ^ EG = reduced level of U/E, reducing the G payment of U/E benefits and other transfer payments

Effect on Public sector debt.

- As EG ^ the smaller budget deficit means the rate of growth of the PSD is not getting bigger (slowing down)
- As it moves into a surplus the government can reduce the PSD by using surplus funds to retire or pay off the PSD. By using budget surpluses to purchase old CGS previously sold to the private sector. This reduces the govt debt interest, which is a significant recurrent expenditure in the budget.

Sample response

An increase in economic growth means that more individuals and firms are receiving higher incomes (Y) as output increases due to increases demand and consumption of goods and services (C). More factors of production, including labour will be employed resulting in a decrease in unemployment. As part of the automatic stabilisers in the budget as incomes increase, higher rates of taxation revenue is collected by the government both from Personal income tax, Company tax and GST (higher C). Additionally due to the progressive nature of our Personal Income tax, individuals will also pay higher rates of marginal tax as they move up into a higher tax bracket- known as bracket creep. Moreover, the decrease in U/E rates in the governments expenditure decreasing as less welfare benefits are paid to the U/Ed. As taxation receipts increase (T) and government spending decreases the budget outcomes will move to smaller deficits or larger surpluses in ST. Over sustained periods of growth the budget moves into budget surpluses.

In the case of smaller deficits, the government does not have to borrow as much from the private sector by selling CGS as they do not need to fund a large deficit. This results in the PSD being smaller than what it would have been. In the event of having a surplus the government can now actually use the surplus of funds to retire the existing debt ie buy back the CGS thus dramatically reducing the PSD and over sustained growth and running budget surpluses eliminating it all together.

Question 22 (10 marks)

(a) Outline TWO benefits of free trade. **2**

Criteria	**Marks**
• Sketches in general terms TWO benefits of free trade	2
• Sketches in general terms ONE benefit of free trade Or provides some relevant information about free trade	1

Comments

- Most students answered this well

Suggested answers

Benefits of trade include:

- Allows specialisation- better resource allocation and increased production
- Countries can increase their access to G&S and at lower prices
- Efficient allocation of resource based on comparative advantage
- International competitiveness will increase
- Encourages innovation and spread of technology
- Higher living standards- global markets leads to higher rates of EG and ^ real incomes

(b) For an economy other that Australia, explain how recent changes in the international business cycle have impacted on its economic growth. **4**

Criteria	**Marks**
• Provides comprehensive details of recent changes in the international business cycle and its effect on growth in an economy other than Australia (specific reference to changes in economic growth in the other economy)	4
• Provides some details of recent changes in the international business cycle and its effect on growth in an economy other than Australia (specific reference to economic growth in the other economy)	3
• Provides limited detail of recent changes in the international business cycle and/ or its effect on growth in an economy other than Australia	2
• Provides some relevant information on changes in the IBC or economic growth in an economy other than Australia	1

Comments

- This question was not done so well- large range in responses 0-4; average of 2
- Better responses identified all of the changes in the International Business cycle using specific data to show the downturn, recession and V shaped recovery. They provided data to show these changes.
- Weaker students identified Covid as the "change" in the IBC or failed to identify the global recession.
- **Do not** do China as your other economy! (Unless you know it perfectly!)

Suggested answers

- Changes in the International business cycle- World Bank Data Global growth rates
  - Slowdown 2017-2018
  - Downturn 2019
  - Recession 2020This makes the Great Lockdown the worst recession since the Great Depression, and far worse than the Global Financial Crisis.
  - Recovery 2021
  - Global growth rates

2018	2019	2020	2021	2022
3.6	2.87	-3.06	6.1	Est

- Changes in Vietnam's EG

2018	2019	2020	2021	2022
7.2	7.15	2.9	2.6	7.5 *

Sample response

Prior to Covid 19 the international business cycle was experience a downturn with EG rates revised downwards to 3.6% in 2019 and 2.87% in 2019. Despite this Vietnams EG rate remained high as it continued to source FDI from the fallout between China and USA which spurred its own growth, particularly in production of phone devices including smartphones, integrated circuits and micro assemblies.

With the outbreak of the Corona virus, a global health pandemic caused massive lockdowns and restrictions on people. As a consequence, the global economy sank into a recession (-3.06% in 2020) the worst recession since the Great Depression, and far worse than the Global Financial Crisis. The lockdowns interrupted global supply chains and reduced demand for many of Vietnam's exports. As exports are the main source of growth in this developing economy, it reduced their growth rates to 2.9% in that period. It was one of only a few economies to escape a recession. This was in part due to increase demand for phones and integrated circuits needed for increased digital demands globally. The global economy experienced a "v shape recovery", where global growth rates rebound by 6.1% in 2021. However, Vietnam did not experience that same economic rebound as restrictions and lockdowns were removed. It was one of the very few countries with a 2021 growth rate, of 2.6%, lower than 2020. Vietnam experienced what has often been referred to as a 'K-curve effect', meaning different industries have been impacted in different ways. For example, while tourism, hospitality, food services have been struck the hardest, export-based sectors for Vietnam have shown resilience over the past 2 years, overcoming lockdowns and benefiting from increased FDI and production thru China +1 strategies to diversify production in global supply chains.

(c) Explain how globalisation has affected the distribution of wealth in the global economy. **4**

Criteria	**Marks**
• Provides comprehensive explanation of how globalisation has affected the distribution of wealth in the global economy. Supporting the response with relevant data.	4
• Provides some explanation of how globalisation has affected the distribution of wealth in the global economy	3
• Demonstrates some understanding of how globalisation has affected the distribution of wealth in the global economy	2
• Provides some relevant information on aspects of globalisation and the distribution of wealth in the global economy	1

Comments

- Poorly attempted question- average 2
- Distribution of wealth greater inequality compared with income-
- geographically between countries the distribution of income becoming more equal. But increased inequality within .

Suggested answers

- Global distribution of wealth refers to comparison of the ownership of household net assets between countries and world regions.
- Benefits of globalisation not equally shared between advanced, emerging and developing countries.
- Greater wealth inequality between individuals is especially evident within the wealth ranges eg In 2021, while individuals worth more than $1 million constitute just 1.1% of the world's population, they hold 45.8% of global wealth, whereas individuals worth less than 10k , make up 55% of the population but owns only 1.3% of global wealth
- The geographical imbalance in global household wealth is evident.
- Increased equality in wealth (by region) in the global economy. In 2020 57.2% of total global wealth held in rich continents of Nth America 32.5% (9.6% of popn) and Europe 24.7%

(14.8% of popn/ and China 17.9% and India 3.1% compared with in 2015 Nth America 36% and Europe 30% China 17.9% and India 3.1%

- Between 2000 and 2019, the wealth share of emerging economies more than tripled from 9.3% to 30.3% this is due to increasing benefits of trade and income flows -acquisition growth and asset values increasing with increasing demand (higher income flows)
- The least wealth regions in 2021 are Latin America with 2.6% and Africa due to lack of policies to integrate in global economy- poor political systems, barriers to FDI, trade imbalances etc
- Globalisation -increased trade and financial flows facilitated higher income flows to wealthier economies who used these then to purchase assets leading to increases in wealth inequality
- Removal of restrictions on foreign ownership, development of global capital markets, avoid corporate taxes, TNC growth and significance-mergers and acquisitions, speculators and currency traders deriving profits from currency and asset price movements have led to increasing wealth inequality.
- The widespread negative impact of contagion associated with economic shocks on gross domestic product (GDP) was recognized early in 2020 as a result of Covid, and since reductions in the level of economic activity are typically associated with reductions in household wealth, financial markets responded in a predictable way and share prices dived. No region was immune. It was estimate that USD 17.5 trillion was lost from total global household wealth between January and March 2020, equivalent to a fall of 4.4%. Global wealth per adult declined by 4.7%
- But what happened in the second half of 2020 was unforeseen. Share prices continued on an upward path, reaching record levels by the end of the year. After initially pausing to take stock, housing markets were also infected by the prevailing optimism, and house prices rose at rates not seen for many years. These asset price increases have led to major gains in household wealth throughout the world. The net result was that USD 28.7 trillion was added to global household wealth during the year. At the end of 2020, it totalled USD 418.3 trillion, up 7.4%
- The lowering of interest rates by central banks has probably had the greatest impact. It is a major reason why share prices and house prices have flourished, and these translate directly into our valuations of household wealth.

Sample response

- *Globalisation has led to an increase in the inequality in the wealth of individuals in the global economy. In 2021, while individuals worth more than $1 million constitute just 1.1% of the world's population, they hold 45.8% of global wealth, whereas individuals worth less than 10k , make up 55% of the population but owns only 1.3% of global wealth. The increased trade and financial flows facilitated higher income flows to wealthier individuals and economies who used these then to purchase assets leading to further increases in wealth inequality. Additionally, the removal of restrictions on foreign ownership, the development of global capital markets, tax haven which avoid corporate taxes, TNC growth and significance-mergers and acquisitions, speculators and currency traders deriving profits from currency and asset price movements have led to increasing this wealth inequality in individuals. However, globalisation has also benefited emerging economies who have increased their share of global wealth in the last decade has tripled. They have increased equality in wealth (by region) in the global economy. eg In 2020 57.2% of total global wealth held in rich continents of Nth America 32.5% (9.6% of popn) and Europe 24.7% (14.8% of popn/ and China 17.9% and India 3.1% compared with in 2015 Nth America 36% and Europe 30% China 17.9% and India 3.1%*

Question 23 (10 marks)

(a) Outline the main forms of dispute resolution used in Australia. **2**

Criteria	Marks
• Sketches in general terms the features of conciliation and arbitration as the main forms of dispute resolution	2
• Sketches in general terms ONE form of dispute resolution	1

Generally most students were able to identify and outline two of the three forms of dispute resolution which were negotiation, conciliation and arbitration. Some students went further to explain the dispute resolution mechanisms in the industrial relations system but this was not required

(b) Outline the role of the National Employment Standards and the national minimum wage in Australia's industrial relations system. **3**

Criteria	Marks
• Clearly provides features of the role of the National Employment Standards and the national minimum wage in Australia's industrial relations system	3
• Provides some understanding of the role of the National Employment Standard and the national minimum wage in Australia's industrial relations system OR the role of the National Employment Standards /OR the national minimum wage in Australia's industrial relations system	2
• Provides statements about NES and or national minimum wage	1

In this question students were required to outline the roles of both the NES and the minimum wage in the Australian industrial relations system. The best responses generally referred to the NES being a safety net provision for both modern awards and enterprise agreements that these standards are a basic minimum. These responses were able to provide examples of NES provisions and how these help employee rights. The minimum wage was identified in the better responses as being a safety net for low skilled workers with some impact on award rates of pay for those on more than the minimum wage and the fact that this minimum rate of pay might be exclusive of some workers (eg below 18, cash workers).

(c) Analyse the effect of low wage growth on the Australian economy. **5**

Criteria	Marks
• Demonstrates a clear understanding of the effect and implications of low wage growth on the Australian economy	5
• Demonstrates a good understanding of the effect and implications of low wage growth on the Australian economy	4
• Demonstrates a sound understanding of the effect of low wage growth on the Australian economy	3
• Makes a relevant statement/s about the effects of low wage growth	2
• Makes relevant statement/s about wages in Australia	1

This response was done quite well by most candidates to a degree. Student were able to identify impacts on inflation, government budget outcomes, unemployment, international competitiveness and economic growth. The best responses were able to link the low wage growth to the changes in these elements in the economy and make a supported argument as to how low wage growth effects the economy over time. These responses used data and examples to support the analysis and the implications to the Australian economy.

Question 24 (10 marks)

(a) Calculate the balance on the Capital and Financial Account. **2**

Criteria	Marks
• Correctly calculates the value of the capital and financial account to be a surplus of $45 billion	2
• Calculates the value of the capital and financial account but makes a final error in its calculation (working out is visible)	1

Comments

- Most students got this correct
- Better answers showed all working out and substitution= less mistakes or awarded 1 mark for silly error

Suggested/ sample answer

Balance on Current Account + Balance on Capital and Financial Account = 0
Balance on Current Account =
Balance on Goods (Exports -Imports) + Balance on Services (Credits -Debits)
+ Net Primary Income+ Net Secondary Income
Balance on Current Account = +60-120-30
Balance -on Current Account == -$90 billion deficit
Therefore, the Balance on Capital and Financial Account must be equal to a $90 billion surplus under a floating exchange rate system.

(b) An Australian investor purchases shares in a foreign company, giving them less than 10% equity. Explain how this transaction could impact on TWO components of Australia's Balance of Payments. **4**

Criteria	Marks
• Provides a clear explanation of of how this transaction could impact on TWO components of Australia's balance of payments (e.g., the current account and the capital and financial account)	4
• Provides a sound explanation of how this transaction could impact on TWO components of Australia's balance of payments	3
• Demonstrates some understanding of how this transaction could impact on at least ONE component of Australia's balance of payments	2
• Provides some relevant information on Australia's balance of payments	1

Comments

- Credit on the net primary income account in the form of dividends received
- Debit on the financial account as an outflow of portfolio investment funds
- Reduce Australia's capital and financial account surplus or increase Australia's capital and financial account deficit
- Reduce Australia's current account deficit or increase Australia's current account surplus

Sample response

This transaction would be recorded as a debit on the financial account in Australia's balance of payments. Since the investor has purchased less than a 10% stake in a foreign company, it would be recorded as a debit in the portfolio investment category of the financial account. In 'tum, this could lower Australia's capital and financial account surplus or increase Australia's capital and financial account deficit. Because of this transaction, the Australian investor will eventually receive income from the foreign company in the form of dividends remitted from overseas. When this eventuates, this will be recorded as a credit on Australia's net primary income (NPY) in the current account. This would result in a lowering of Australia's current account deficit, or it could increase Australia's current account surplus.

(c) Explain ONE macroeconomic policy and ONE microeconomic policy that could be used to improve Australia's Balance of Payments performance. **4**

Criteria	Marks
• Provides a comprehensive explanation of ONE macroeconomic policy and ONE microeconomic policy that could be used to improve Australia's Balance of Payments performance.	4
• Provides a sound explanation of ONE macroeconomic policy and ONE microeconomic policy that could be used to improve Australia's Balance of Payments performance. (no clear link to CA balance or FAFA balance OR • Comprehensive explanation in ONE policy only	3
• Demonstrates some understanding of ONE macroeconomic policy and ONE microeconomic policy that could be used to improve Australia's Balance of Payments performance.	2
• Provides some relevant information about a policy and link to Balance of Payments component	1

General comments

- Poorly attempted response-
- Marks ranged from 0-4
- Average mark 2/4
- Whilst the explanation of the policy was good, the link i.e. explanation, to how it "improved" the BoP was problematic. "an improvement in BOGS or CA balance" is too general and vague
- Avoid up and down arrows and other abbreviations
- **Always** write the name of the account and then the abbreviation eg Net Primary Income account (NPI)

Better responses

- Were logical in order and clearly identified a macro and then micro policy.
- Were selective in their policy choice- easier shorter policies that directly links to BoP
- Clear and concise explanation- avoid terms linking statements with "hence"
- Referred to increases or decreases to credits or debits in specific accounts within the Current account or K and Financial Account.
- Explained how the change improved the BoP- with reference to "acceptable", "sustainable" measures – CAD – CAD as a % of GDP,

Suggested answers

Macroeconomic Policies to improve the CA balance -reduce CAD as % of GDP – acceptable range eg deficit between 2-5%-sustainable level

- MP-contractionary MP
  -reduces spending on M, which reduces debits in the
  -used to maintain inflation and IC of X and M competing industries
- FP – M/T focus on reducing PSD and raising PSS -accumulation of budget surpluses-crowding out resulting in increase in servicing costs – interest on foreign borrowing, an income outflow- debit in NPI

Microeconomic policies used to improve the CA balance

- MER in infrastructure-electricity, transport etc-^ IC X growth
- NCP and removal of protection -^IC
  - -industry policy encouraging innovation R&D
  - -FTA ^ market access for X

Sample response

Contractionary monetary policy, which involves the RBA lifting the cash rate target and policy interest rate corridor can be used to reduce the growth of import spending if the current account deficit , CAD, becomes unsustainable, that is greater than -5 % of GDP. Higher interest rates would flow onto the economy after the cost of borrowing increases in the overnight money market due the increased target cash rate. Through the saving and investment channel and the cashflow of the transmission mechanism, disposable income would be reduced resulting in a decrease in import spending. This would lead to a decrease in the Balance on the Goods and Services (increasing the trade surplus or decreasing the trade deficit) and stabilise (reduce the CAD) the current account deficit, improving it to a more sustainable rate between -2 & -5% of GDP.

Section III

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- use the information provided
- apply relevant economic terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

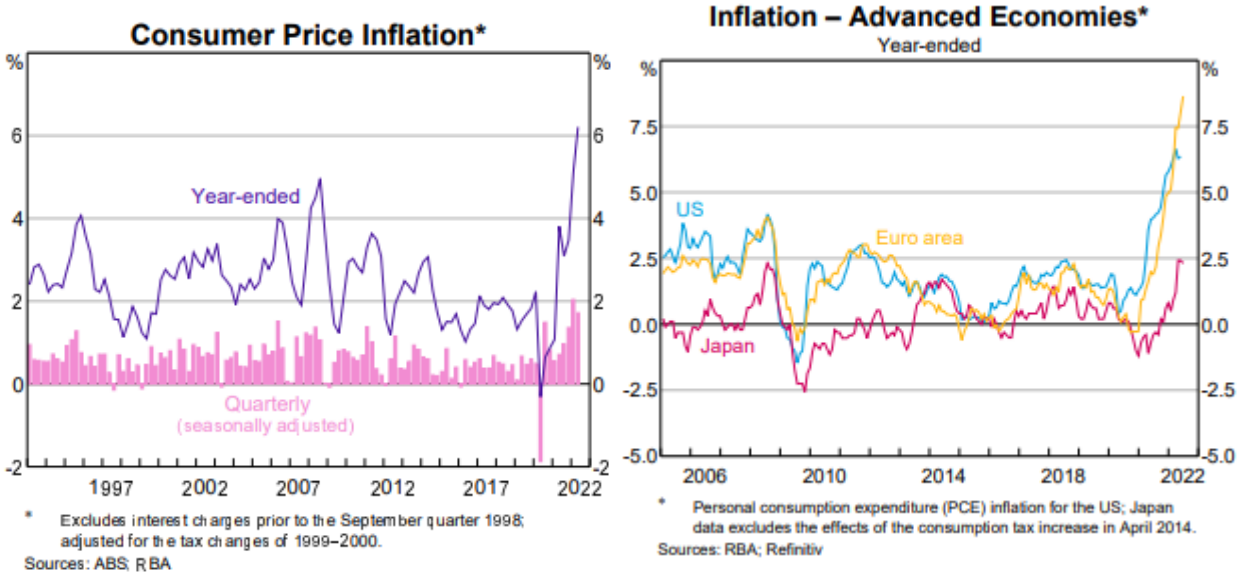
Question 25 (20 marks)

Evaluate the effectiveness of government policies in addressing inflation in the Australian economy.

If people setting prices and wages were to believe that higher inflation will persist, they are more likely to push prices and wages up. This could result in a self-reinforcing cycle: one in which higher inflation leads to firms being more willing to put their prices up and agree to larger wage claims, which then perpetuates the higher rate of inflation, and the cycle repeats itself.

COVID-related disruptions to global supply chains will ease further over the months ahead. Delivery times are improving and some supply bottlenecks are easing as firms adjust to the new operating environment. The effects of this and some rebalancing in consumer demand are now evident in some global markets, with declines in the global prices of products as diverse as computer chips and timber RBA

Address to the Australian Strategic Business Forum July 2022



Evaluate the effectiveness of government policies in addressing inflation in the Australian economy.

CRITERIA	MARK
• Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical, cohesive and comprehensive response • Integrates relevant economic terms, concepts, relationships and theories • Makes a well-informed judgement about the effectiveness of government policies in addressing inflation in the Australian economy	17-20

• Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response • Applies relevant economic terms, concepts, relationships and theories • Makes some judgement about the effectiveness of government policies in addressing inflation in the Australian economy	13-16
• Uses own knowledge and understanding with the information provided, to develop a coherent response • Uses relevant economic terms, concepts, relationships and theories • Demonstrates some understanding of the effects of government policies on inflation in the Australian economy	9 - 12
• Presents a generalised response • Uses some economic terms • Sketches in general terms some aspects of government policy as well as inflation	5-8
• Presents a limited response • Uses some economic terms	1-4

Marker's comments

- 68 responses
- Mark range 1-20
- Average Mark 13.8/20
- Make sure you do the basics – explain key concepts, provide clear definitions, PEEL, use data throughout
- Concepts need to be explained fully and graphs need to be fully labelled and explained
- Plan your time to ensure you finish the questions – some paragraphs felt very rushed towards the end, usually the microeconomic reform section
- Handwriting – some writing was difficult to read - you need to work on making it more legible as they will simply not spend that much time deciphering your words in the HSC.

Better Responses:

- Engaged with the question and the directive term.
    - For an evaluation of policy question this can be broken down into four key components: policy details, explanation of course theory related to the policy, statistics to show effects on Australian inflation outcomes and then finally the evaluation with reasons.
    - Missing any of these four components leads to a significantly weaker judgement as it is now not 'well-informed.' Perhaps the most common example of this was where students simply gave a statistic of how inflation has moved closer to its 2-3% target range and then followed that with, 'and thus x policy has been effective.'
        - This does not tell me very much about your understanding. Furthermore, it robs you of the opportunity to show a nuanced discussion by simply taking a statistic at face value and not actually unpacking it to really show how the policy you are evaluating caused it.
- Included a broad range of examples, including macroeconomic and microeconomic policies across different periods of the Australian economy to give a more comprehensive evaluation of its policies
- Policies were explained in sufficient detail. This is lacking at the moment even for the better responses – giving an amount of money spent and a few words overviewing what the policy is on is not enough! Spend the time to break it down to create a more compact discussion of effects.
- Used a range of Australian data, evidence, and examples throughout the response – this was literally given to you in the source, please use it.
- Made reference to/incorporated the source material. Easiest for marker to see when you make it explicit by stating 'as seen in the stimulus'

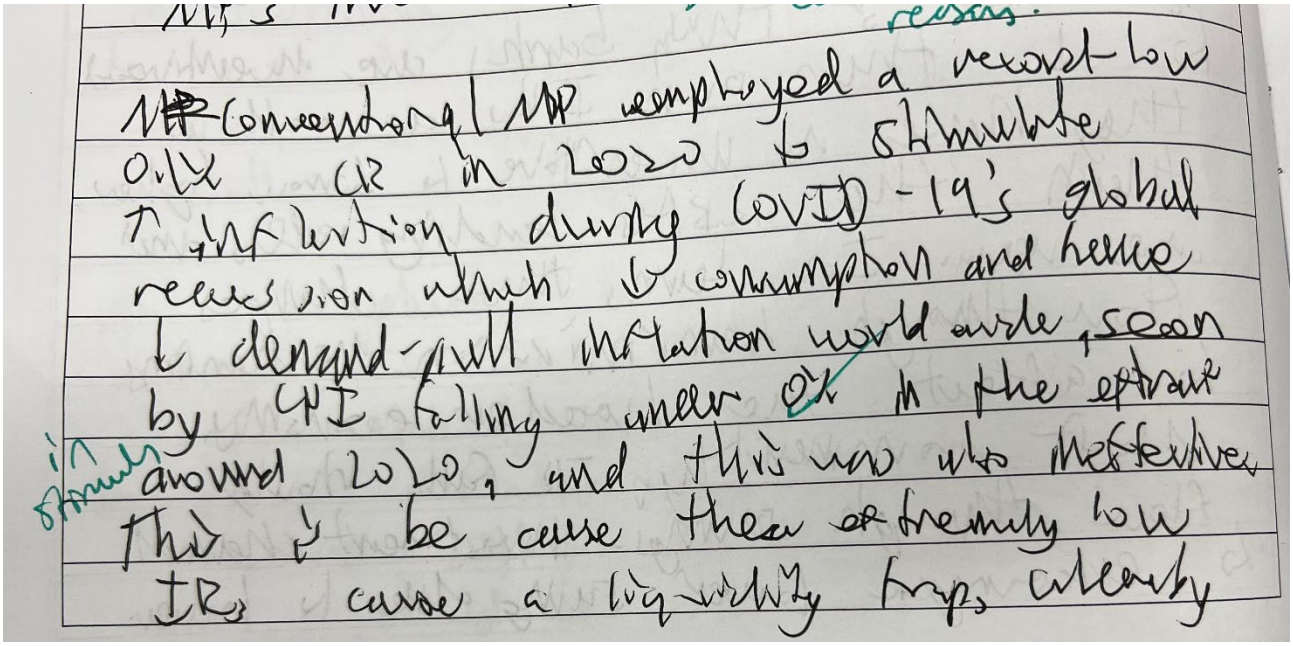
Weaker responses:

- Did not evaluate Australian policies and left this as a generalised explanatory essay rather than one which attempted to evaluate effectiveness.

- Did not provide a broad range of policies
- Policies only named – no detail given… how can you evaluate something you haven't given any detail about?
- Theoretical responses - remember there needs to be data and examples to support your response, especially since the question asked for 'Australian economy'
- Reference to stimulus material missing or not evident.
- Graphs just "dumped" into response – not fully labelled, nor referred to or explained

Sample responses:

#1



Nevertheless we instead of purchasing bigger assets out of fear of the asset's value depreciating, hence limiting MP's ability to ↑ consumption and ↑ demand pull inflation. In response, unconventional MP was applied with much more effectiveness, making $3.5Qt of quantitative easing. This dissolves the RBA purchasing bonds from the private sector to yields and encourage banks to lend more and consumers to borrow more, hence stimulating ↑ consumption and ↑ demand-pull inflation. This is combined with forward guidance which involved explicit statement by the RBA that they would not raise IR until full employment was reached. Hence, as seen from the extract "If people see rising prices and wages believe higher inflation will persist, they are more likely to push prices up" describing the self-fulfilling prophecy of inflationary pressures. This culminated in consumption rising by 4.4% as COVID recovery and hence unconventional MP was greatly effective in raising inflation back to 2-3% as seen in 2021 in the CPI extract graph. ✓✓ great

#2

Australia's biggest tool against inflation is macroeconomic policy and specifically monetary policy which constitutes of conventional and unconventional monetary policy which has had positive effects on reducing inflation however limited in increasing it to promote economic growth. Australia the RBA is able to use conventional monetary policy by adjusting the cash rate to increase and decrease inflation. The RBA has been able to effectively start and reduce inflation during the GFC in which they increased the cash rate over 7 times during 2000 and increasing it to a peak of 6.25% which was effectively able to limit inflation. This is due to the fact that an increase in the cash rate corridor leads to increase in interest rates as banks adjust the rate to the corridor which leads to the interest rate. This is then able to impact inflation as the increased interest rate leads to increased loan repayments for households which then further decreases disposable income for households and further leading to less purchasing power and reduced consumption to fit their income level. This leads to less aggregate demand due to AD=C+I+G+(X-M) and the decreased consumption compared leads to less AD especially since Australia's AD is composed of 60% consumption. Less AD means less demand pull inflation thus less inflationary pressures and reduced inflation. This is further evident in the stimulus of the CPI graph in which the dramatic increase of 5% inflation during the GFC period is followed by a dramatic decline back to which is around 1.5% around 2010 which is near the RBA's target range and shows effectiveness of monetary policy in reducing inflation.

excellent evaluation

#3

Fiscal Policy does not seek to directly alter inflation however, its ~~prioritisation~~ prioritisation of eco growth objective makes inflationary movements a by product or maby govt policies. The Jobkeeper subsidy ~~provided by the Govt to~~ at $1500 weekly payment ~~per~~ (totalling $101 bn) per employee to ~~ensure~~ ensure was crucial in maintaining economic stability. It maintained relationships between firms and their workers ~~by~~ by reducing UE ~~and maintaining relationships~~ through ↓ hours and ↑ wage assistance. Preventing the UE rate from 9% to 12%. in 2020, UK don't do this stabilised ~~inflation~~ unemployment at a significantly lower peak of 6.7%. This prevented house hold ↓ ~~income, so~~ ~~in~~ facilitating consumption ~~by the~~ ~~aiding aggregate demand pull inflation~~. An implication of this is the demand pull inflation, ~~rate~~ due to ↑ C, seen as the CPI returned to 2.5% in 2021.

Furthermore, the Govts subsidised vaccination programs, worth $8 bn enabled the eco to open up again, after a period of low growth & C due to the ~~new~~ omnicron variant, implying in growth in inflation with the CPI surging consistently within the target band in 2021. Thus while FP doesn't explicitly seem to address inflation, its focus on eco growth has enabled it and the inflation levels in recent years.

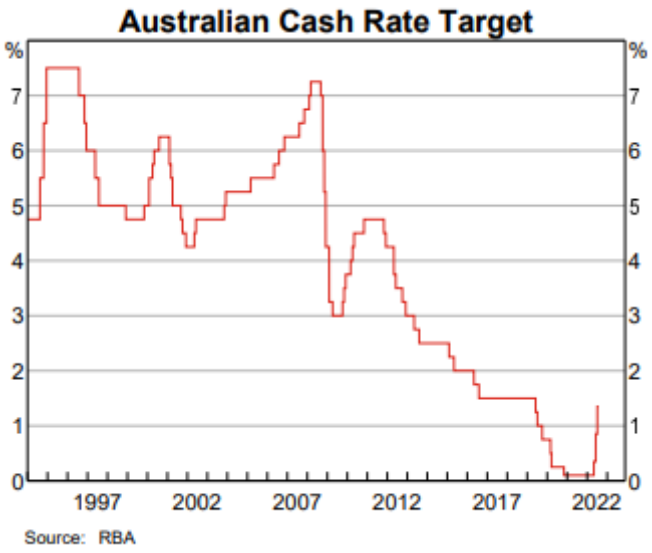
2022 Trial HSC Economics Q26 – Extended Response Marking Criteria

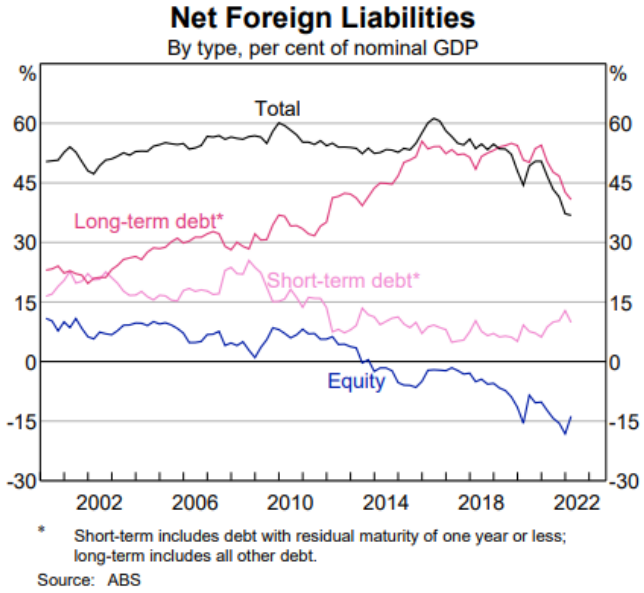
Question 26 (20 marks)

Analyse the limitations of macroeconomic policies in addressing internal stability and external stability in the Australian economy.

> "With an eye firmly on the election, the Budget is a crowd pleaser, with a halving of fuel excise for the next 6 months and a one-off increase to the offset for low to middle income earners the headline acts. On the downside, the budget forecasts a decade of deficits, with net debt peaking at $864 billion in 2026."
>
> *Source: Ahurst: Australian Federal Budget 2022 - 2023 - Is it the sugar hit that Australia needs?*

> "The RBA should have done better, should have been able to forecast the future more accurately, should have been smarter in using the blunt tool that is monetary policy, either raising or cutting rates more quickly… mistakes will always be made when dealing with something as uncertain as the global and domestic economic outlook. But, on balance and compared with its peers, the RBA has been successful in doing what it can to assist the Australian economy over the past three decades. "
>
> *Source: Michael Pascoe: Australian official briefed foreign power against RBA*





CRITERIA	MARK
• Synthesises own knowledge and understanding with the information provided, to develop a sustained, logical, cohesive and comprehensive response • Integrates relevant economic terms, concepts, relationships and theories • Demonstrates a clear and comprehensive understanding of the relationship between the limitations of macroeconomic policies with internal stability AND external stability in the Australian economy	17-20

• Synthesises own knowledge and understanding with the information provided, to develop a logical and cohesive response • Applies relevant economic terms, concepts, relationships and theories • Demonstrates a sound understanding of the relationship between the limitations of macroeconomic policies with internal stability AND external stability in the Australian economy	13-16
• Uses own knowledge and understanding with the information provided, to develop a coherent response • Uses relevant economic terms, concepts, relationships and theories • Demonstrates some understanding of the relationship between the limitations of macroeconomic policies with internal stability AND/OR external stability in the Australian economy	9 - 12
• Presents a generalised response • Uses some economic terms • Sketches in general terms some aspects of macroeconomic policy limitations AND/OR internal stability AND/OR external stability	5-8
• Presents a limited response • Uses some economic terms	1-4

Marker's comments

- 8 responses
- Mark range 6-16
- Average Mark 13/20
- Make sure you do the basics – explain key concepts, provide clear definitions, PEEL, use data throughout
- Concepts need to be explained fully and graphs need to be fully labelled and explained
- Make sure you address both sections of the question adequately, most students only focused on internal stability and external stability was just an afterthought
    - You don't need to talk about them in equal amounts but for a few students they only very briefly mentioned external stability
- Handwriting – some writing was difficult to read - you need to work on making it more legible as they will simply not spend that much time deciphering your words in the HSC.

Better Responses:

- Engaged with the question and the directive term.
    - For an analysis of macroeconomic policy limitations question this required you to really focus on those limitations rather than focusing too much on explaining the theoretical underpinnings of the policies themselves.
        - It was then important for you as part of an 'analyse' to '*identify components and the relationship between them*,' meaning you had to make it very clear you understood how macro policy limitations influenced internal and external stability outcomes in the Australian economy. This required you to show
- Included a broad range of examples, including different periods of the Australian economy to give a more comprehensive analysis of limitations
- Limitations were explained in sufficient detail. This is lacking at the moment even for the better responses – just saying 'time lags,' 'political constraints,' or 'zero lower bound' is not enough, you need to actually break down what those limitations mean theoretically and establish a clear link to achievement of the eco objective!
- Used a range of Australian data, evidence, and examples throughout the response.

- Made reference to/incorporated the source material. Easiest for marker to see when you make it explicit by stating 'as seen in the stimulus'

Weaker responses:

- Did not focus on limitations and left this as a generalised explanatory essay of how macroeconomic policies improve internal/external stability rather than one which attempted to analyse limitations.
    - Others began to evaluate effectiveness which unfortunately was not the question, and only mentioned positives/successes which really took it away from analysing limitations.
- Did not provide a broad range of examples
- Policies only named – no detail given… how can you analyse (establish relationships) something you haven't given any detail about?
- Theoretical responses - remember there needs to be data and examples to support your response, especially since the question asked for 'Australian economy'
- Reference to stimulus material missing or not evident.
- Graphs just "dumped" into response – not fully labelled, nor referred to or explained

Sample responses:

Teacher Sample:

Due to long and variable impact time lags, reductions to the cash rate take up to six to eighteen months to increase aggregate demand, and by extension, reduce unemployment and increase demand-pull inflation to promote internal stability. This is because while lower interest rates theoretically encourage borrowing and spending, these decisions usually involve large outlays such as business investment in capital which are long-term decisions that require planning. This was seen during the RBA's expansionary reductions in its cash rate target to 0.1% in November 2020 (seen in the stimulus graph), which did not trigger higher levels of demand-pull inflation until Q2 of 2021, emphasising the limitation of monetary policy in addressing internal stability during the COVID-19 downturn.

Section IV

Your answer will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
- apply relevant economic information, terms, concepts, relationships and theory
- present a sustained, logical and cohesive response

Question 27 (20 marks)

Assess the effectiveness of Australia's environmental management policies used to address climate change.

Assess the effectiveness of Australia's environmental management policies used to address climate change.

CRITERIA	MARK
• Provides a sustained, logical and cohesive response that integrates relevant economic terms, concepts, relationships and theory • Demonstrates a clear and comprehensive understanding of the relationship between Australia's environmental management policies and climate change • Makes a well-informed judgement about the effectiveness of Australia's environmental management policies used to address climate change	17-20
• Provides a logical and cohesive response that applies relevant economic terms, concepts, relationships and theory • Demonstrates a sound understanding of the relationship between Australia's environmental management policies and climate change • Makes some judgement about the effectiveness of Australia's environmental management policies used to address climate change	13-16
• Provides a coherent response that uses relevant economic terms, concepts, relationships and theory • Demonstrates some understanding of the relationship between Australia's environmental management policies and climate change	9 - 12
• Provides a generalised response that uses some economic terms • Demonstrates some understanding of Australia's environmental management policies and/or climate change	5-8
• Provides a limited response that uses some economic terms • Provides some aspects of Australia's environmental management policies and/or climate change	1-4

Answer could include:

- Climate change – define, explain
- Co2 emissions – Australian emissions compared to world/other economies
- Market failure/social costs
- Environmental policies
    - Targets (RET, Australian Govt target to reduce greenhouse gas emissions by 43% below 2005 levels by 2030
    - This is a 15% increase on Australia's previous 2030 target
    - Net zero by 2050
    - Australian Renewable Energy Agency
    - Clean Energy Finance Corporation
    - Direct Action Plan
- Regulations
    - Fuel Quality Standards Act 2000
    - Environmental Protection and Biodiversity Conservation Act 1999
    - Australia Climate Change Authority
    - Climate Bill 2022
- Market based policies
    - ETS
    - Carbon tax
    - Murray Darling Basin Plan
    - Emissions Reduction Fund
    - Renewable Energy Zones
- International Agreements
    - Kyoto Protocol 2008
    - Paris Agreement 2015
    - COP26 2021
- Political limitations/conflicting objectives and cost
- Global emissions – other economies actions

Graphs could include:

- Negative externality/social costs graphs
- Subsidies

Marker's comments

- 32 responses – approx. 40% chose this question
- Mark range 0-20
- Average Mark 13.7/20
- Assess: Make a judgement of value, quality, outcomes, results or size
- Need to cover wide range of policies (but not all listed above), and provide a judgment – use data to support
- Make sure you do the basics – explain key concepts, provide clear definitions, PEEL, use data throughout
- When using graphs in your response – you must explain it not just say "as shown in graph" or "refer to figure 1"
- Make sure you do not go off on a tangent – some students spent a lot of their response on why the govt needs to act on climate change – this is not what the question is about….focus on the effectiveness of govt's policies on climate change
- Plan your time to ensure you finish your response
- Writing – some writing was difficult to read – we can only mark what we can read
- Do not write outside the lines – use a new page/extra booklet as needed
- Focus on the question – not what you memorised/planned for – question not on policies on environmental sustainability per se, but on climate change
- Must use only black pen – some of you are still using blue pens

Better Responses:

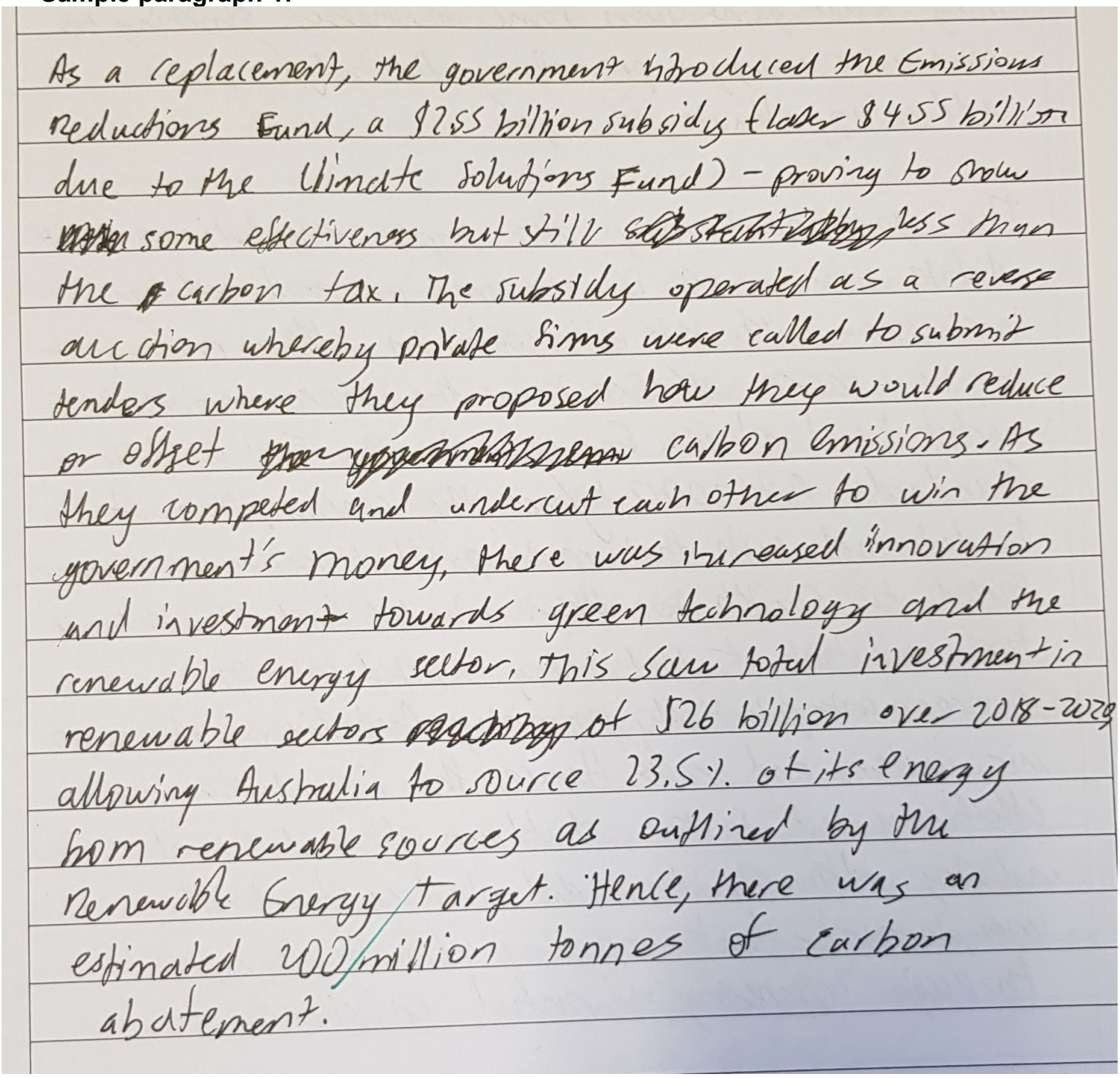
- Engaged with the question and the directive term. This question asks you to ASSESS the EFFECTIVNESS of Australia's environmental management policies use to address CLIMATE CHANGE
- Judgements made throughout the response – supported by data – assessing each policy etc on its impact on climate change

- Assessed a broad range of policies – not all good or bad, some mixed results so use words like “however”, “but”, “on the other hand…”, “although this…..”
- Explained how the policies worked, their costs and outcomes
- Used a range of data, evidence, examples throughout the response to support judgement
- Integrated relevant graphs to support their response – fully labelled and explained and visible

Weaker responses:

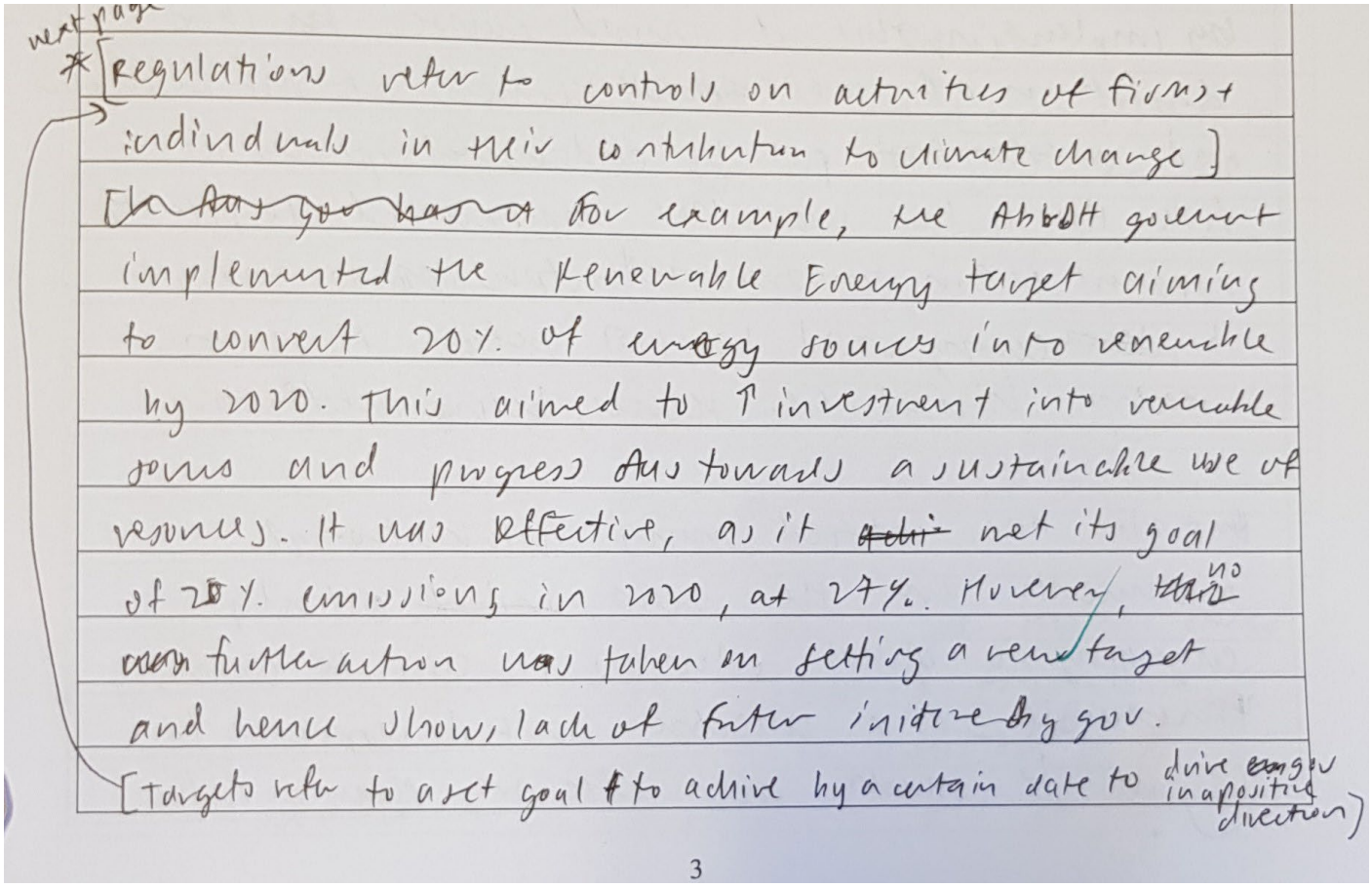
- Did not effectively engage with the question and directive term
- Allocated too much time why action on climate change is needed – not focus of the question
- Only mentioned or outlined (sketched in general terms) policies on climate change
- Limited number of policies included
- Limited assessing – and did not provide examples, data, evidence to support
- Did not explain concepts clearly
- Graphs just “dumped” into response – not fully labelled, nor referred to or explained

Sample paragraph 1:



As a replacement, the government introduced the Emissions Reductions Fund, a $2.55 billion subsidy (later $4.55 billion due to the Climate Solutions Fund) - proving to show some effectiveness but still less than the carbon tax. The subsidy operated as a reverse auction whereby private firms were called to submit tenders where they proposed how they would reduce or offset carbon emissions. As they competed and undercut each other to win the government's money, there was increased innovation and investment towards green technology and the renewable energy sector. This saw total investment in renewable sectors of $26 billion over 2018-2020 allowing Australia to source 23.5% of its energy from renewable sources as outlined by the Renewable Energy target. Hence, there was an estimated 200 million tonnes of carbon abatement.

Sample paragraph 2:


next page
* [regulations refer to controls on activities of firms + individuals in their contribution to climate change]
[~~Ex for gov has~~ for example, the Abbott goverment implemented the Renewable Energy target aiming to convert 20% of energy sources into renewable by 2020. This aimed to ↑ investment into renewable forms and progress Aus towards a sustainable use of resources. It was effective, as it ~~achi~~ met its goal of 20% emissions in 2020, at 27%. However, ~~there~~ no ~~was~~ further action was taken on setting a new target and hence show, lack of futur initiative by gov.
[Targets refer to a set goal # to achieve by a certain date to drive change in a positive direction)
3

Sample 3

Another market-based policy, are subsidies, where govt. fund and incentivise the production of merit g/s that have positive externalities. This was seen in the Emissions Reductions Fund (ERF) where firms competed with each other to gain $2.5bn worth of funding for the government on the basis of having environmentally-friendly production methods which were also cost effective. This would increase AS (fig 2) by shifting the curve to the right and ↑ the qty of the good produced. (from q to q_1)

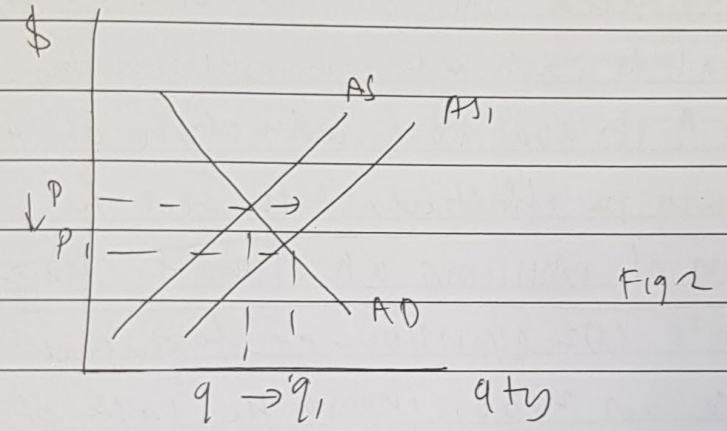


Fig 2

This policy was effective seen by the 200m CO_2 abatement that was recorded after its implementation, ↓ emissions into environment and addressing climate change. However, the fund did not impose consequences on firms who continued to emit CO_2, thus limiting its effectiveness in

Question 28 (20 marks)

Analyse the impact of changes in the exchange rate on the Australian economy.

CRITERIA	MARK
• Provides a sustained, logical and cohesive response that integrates relevant economic terms, concepts, relationships and theory • Demonstrates a clear and comprehensive understanding of the relationship between changes in the exchange rate and the Australian economy • Demonstrates a clear and comprehensive understanding of the implications of changes in the exchange rate on the Australian economy	17-20
• Provides a logical and cohesive response that applies relevant economic terms, concepts, relationships and theory • Demonstrates a sound understanding of the relationship between changes in the exchange rate and the Australian economy • Demonstrates a sound understanding of the implications of changes in the exchange rate on the Australian economy	13-16
• Provides a coherent response that uses economic terms, concepts, relationships and theory • Demonstrates some understanding of the impact of changes between the exchange rate on the Australian economy • Sketches in general terms the implications of changes in the exchange rate on the Australian economy	9 - 12
• Provides a generalised response that uses some economic terms • Demonstrates some understanding of changes in the exchange rate and/or the Australian economy	5-8
• Provides a limited response that uses some economic terms • Provides some aspects of the changes in the exchange rate and/or the Australian economy	1-4

Marker's comments

Better Responses:

- Engaged with the question and the directive term.
- The best responses defined what the exchange rate was and how it is measured. This meant that the marker was made aware that the candidate knew the concept of exchange rates
- These responses dealt with the full impact of changes in the exchange rate and distinguished between short term and long term appreciation and depreciation.
- These changes included impacts on the Balance of Payments, international competitiveness, inflation, unemployment, government revenue and structural change
- Included a range of examples, figures, graphs and models and trends to support and illustrate their responses

- Used a plan that kept the responses on track – these help by organising your work, everything you write in the HSC gets marked so if you are running short of time or are missing something that is in your plan you will get credit for it. It also tells the marker where your response is going to go so that they are ready for your points as you make them.
- Paragraphs were used and organised with reference to the directive term at the end of each paragraph rather than as an afterthought at the end of the response.
- Were logical and dealt with each impact sequentially and fully without going off into unsubstantiated links that were not relevant.

Some improvements

- When you are going to use an acronym (eg BOP, IC, BOGS) use the full name first then the acronym. Really important as you are using acronyms that the marker has to think about what you are referring to. (Remember they get paid per script!)
- Keep using sentences and paragraphs – it makes it much easier to mark
- Try to keep the data up to date as far as possible. For structural change it is okay to go back but the GFC and the surge in commodity prices that prompted an investment increase was a decade or more ago.
- Be careful when using arrows to indicate increase or decrease – probably easier to write the word. It doesn't cost more time.
- Make sure your graphs are 1/3 to ½ page size and refer to what is happening in that model
- Use trends over time – it gives the marker an indication that you know where the data has come from and where it is going to make a judgement or a point