



SAMPLE ASSESSMENT TASKS

ECONOMICS
GENERAL YEAR 12

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Sample assessment task

Economics – General Year 12

Task 3 – Unit 3

Assessment type: Investigation

Conditions

Time for the task: three weeks

In class

Task weighting

7.5% of the school mark for this pair of units

An incredible 80% of the world's fish stocks are now over-exploited or fished right up to their limit. Once considered inexhaustible, our oceans are now in a state of global crisis.



Research the depletion of the world's fish stocks to prepare a written report on the topic: **'The world's fish stocks – an example of market failure'**.

In your report:

- using the research on fish stocks: (6 marks)
 - identify the type of market failure depicted in the photograph
 - explain why the world's fish stocks are over-exploited
 - discuss the types of fish that are most exploited and the regions of the world that are most affected
- explain the meaning of market failure (6 marks)
- outline some of the policy options that governments can use to help overcome this type of market failure. (6 marks)

(18 marks)

ACKNOWLEDGEMENTS

Image: Csepp, D. (2004). *Trawl catch of pollock caught during an acoustic trawl survey. Alaska, Stephens Passage*. Retrieved May, 2015,
from http://commons.wikimedia.org/wiki/Category:Trawling#/media/File:Fish0192_-_Flickr_-_NOAA_Photo_Library.jpg

Marking key for sample assessment task 3 – Unit 3

Research the depletion of the world’s fish stocks and write a written report on ‘The world’s fish stocks – an example of market failure’.

Description	Marks
Research on fish stocks	
Includes detailed evidence on global fish stocks Uses an appropriate note-taking format	5–6
Includes some evidence on global fish stocks Provides some notes without an appropriate note-taking format	3–4
Includes limited evidence on global fish stocks Provides limited notes	1–2
Subtotal	/6
Market failure	
Correctly explains the concept of market failure and applies the concept to the depletion of global fish stocks Uses subject-specific terminology	5–6
Attempts to explain the concept of market failure and demonstrates a limited application of the concept to the depletion of global fish stocks Uses some subject-specific terminology	3–4
Describes the situation with the depletion of global fish stocks Uses little subject-specific terminology	1–2
Subtotal	/6
Government policy options	
Correctly outlines policy options governments can use to correct market failure Applies the demand and supply model to explain the options available to governments	5–6
Correctly identifies some policy options governments can use to correct market failure Uses the demand and supply model to show the options available to governments	3–4
Lists some policy options governments can use to correct market failure Draws a demand and supply model in an attempt to show the options available to governments	1–2
Subtotal	/6
Total	/18
Answer	
Evidence of research of global fish stocks <ul style="list-style-type: none"> • fish catch data • the areas where overfishing is greatest Market failure <ul style="list-style-type: none"> • ocean fish are a global common resource subject to the tragedy of the commons • fish are both rival and non-excludable • they do not have a price tag so they are over-exploited and, because they are rival, their stock is depleted over time Relevant government policy options to correct market failure <ul style="list-style-type: none"> • fish quotas/licences • fishing bans on fish species that are endangered • labelling of fish products that are not caught sustainably • it is more difficult to enact policy in open international waters compared to national fishing waters or at the state level • this is part of the non-excludable problem 	

Sample assessment task

Economics – General Year 12

Task 6 – Unit 3

Assessment type: Test

Conditions

Time for the task: 60 minutes

In-class test under test conditions

Task weighting

10% of the school mark for this pair of units

Section One: Multiple-choice

(15 marks)

1. A market is defined as
 - (a) a physical place where people buy only goods.
 - (b) a physical place where people buy both goods and services.
 - (c) a store where people buy physical goods.
 - (d) any arrangement that brings buyers and sellers together.

2. The law of demand refers to the fact that, other things remaining the same, when the price of a good rises,
 - (a) the demand curve shifts rightward.
 - (b) the demand curve shifts leftward.
 - (c) there is a movement down along the demand curve to a larger quantity demanded.
 - (d) there is a movement up along the demand curve to a smaller quantity demanded.

3. Two brands of water, Natural Water and Mountain Water, are close substitutes. If the price of Mountain Water decreases, the fall in price
 - (a) shifts the demand curve for Natural Water rightward.
 - (b) shifts the demand curve for Natural Water leftward.
 - (c) increases the price of Natural Water.
 - (d) increases the demand for Mountain Water.

4. Which of the following does **not** increase the supply of personal computers, that is, does **not** shift the supply curve of personal computers?
 - (a) an advance in the technology used to produce personal computers
 - (b) an increase in the number of firms producing personal computers
 - (c) a fall in the cost of the components used to assemble personal computers
 - (d) a rise in the price of a personal computer

5. If the number of sellers increases, then the supply curve _____ and the supply _____.
- (a) shifts rightward; increases
 - (b) shifts rightward; decreases
 - (c) shifts leftward; increases
 - (d) shifts leftward; decreases
6. Suppose the equilibrium price of oranges is \$4.00 per kg. If the actual price is above the equilibrium price, a
- (a) shortage exists and the price falls to restore equilibrium.
 - (b) shortage exists and the price rises to restore equilibrium.
 - (c) surplus exists and the price falls to restore equilibrium.
 - (d) surplus exists and the price rises to restore equilibrium.
7. The price elasticity of demand is a measure of
- (a) the equilibrium price of a good or service.
 - (b) buyers' responsiveness to changes in price of a good or service.
 - (c) the amount of a good or service purchased when income decreases.
 - (d) whether a good or service is a substitute or a complement.
8. If a good is a necessity, it has _____ substitutes and its demand is _____.
- (a) few; elastic
 - (b) few; inelastic
 - (c) many; elastic
 - (d) many; inelastic
9. Total revenue increases if the price of the good
- (a) rises and demand is elastic.
 - (b) rises and demand is unit elastic.
 - (c) rises and demand is inelastic.
 - (d) falls and supply is inelastic.
10. What is measured by the price elasticity of supply?
- (a) The price elasticity of supply measures how responsive producers are to changes in the price of other goods or services.
 - (b) The price elasticity of supply measures how responsive producers are to changes in income.
 - (c) The price elasticity of supply measures how responsive producers are to changes in the price of a good or service.
 - (d) The price elasticity of supply is a measure of the slope of the supply curve.

11. A good or service from which no one can be excluded and which is non-rival is a
- (a) public good.
 - (b) private good.
 - (c) common resource good.
 - (d) government good.
12. A cost that arises from the production or consumption that falls on someone other than the producer or consumer is called
- (a) an inferior good.
 - (b) a public good.
 - (c) a negative externality.
 - (d) a positive externality.
13. The free-rider problem exists because
- (a) private goods or services cause some people to want to take them for free.
 - (b) some goods or services are excludable and cause envy for those who don't have access to them.
 - (c) some goods or services that are rival leave some people without them.
 - (d) people cannot be excluded from consuming public goods even if they don't pay for them.
14. Imperfect competition results in _____ market outcomes.
- (a) more efficient
 - (b) less efficient
 - (c) completely efficient
 - (d) more equitable
15. In which of the following cases does tragedy of the commons occur?
- (i) cattle grazing on private cattle stations
 - (ii) catching lobsters off the coast of Western Australia
 - (iii) raising trout on trout farms
 - (iv) using legal services provided by the courts
- (a) (i) only
 - (b) (ii) only
 - (c) (ii) and (iii)
 - (d) (i) and (iv)

Section Two: Data interpretation/Short answer**(15 marks)**

Answer any **three** questions. Each question is worth five marks.

16. A heavy rainstorm in summer damaged the tomato crops. Use the demand and supply diagram to show and explain the impact of the storm on the market for tomatoes (i.e. whether the demand or the supply curve would shift and the effect on market price and quantity of tomatoes). Explain what changes would occur in the market for tinned tomatoes. (5 marks)
17. Distinguish between a good that is price elastic and a good that is price inelastic. Provide an example of each. If you are selling a good or service and want to increase your revenue, should you increase the price or decrease the price? (5 marks)
18. Define the concept of market failure. For each of the following examples, explain why the market fails:
- public good
 - negative externality.
- (5 marks)
19. Define the term 'price ceiling'. Draw a diagram to show the effect of a price ceiling on a market. Explain the impact of the price ceiling on both consumers and producers. (5 marks)

Marking key for sample assessment task 6 – Unit 3

Section One: Multiple-choice

Question	Answer	Marks
1	D	1
2	D	1
3	B	1
4	D	1
5	A	1
6	C	1
7	B	1
8	B	1
9	C	1
10	C	1
11	A	1
12	C	1
13	D	1
14	B	1
15	B	1
Total		/15

Section Two: Data interpretation/Short answer

16. A heavy rainstorm in summer damaged the tomato crops. Use the demand and supply diagram to show and explain the impact of the storm on the market for tomatoes (i.e. whether the demand or the supply curve would shift and the effect on market price and quantity of tomatoes). Explain what changes would occur in the market for tinned tomatoes.

Description	Marks
Correctly identifies which curve shifts and in which direction	1
Correctly explains the change in market price and quantity of tomatoes	1–2
Correctly draws the demand and supply diagram for tomatoes, showing the impact of the storm	1
Correctly explains what changes would occur in the market for tinned tomatoes	1
Total	/5
Answer:	
<ul style="list-style-type: none"> • The storm would cause the supply curve to shift to the left. • Market price would increase and market quantity would decrease. • The demand and supply curves would reflect the shift in the supply curve and the new equilibrium price and quantity. • The demand for tinned tomatoes would increase because it is a substitute good. 	

17. Distinguish between a good that is price elastic and a good that is price inelastic. Provide an example of each. If you are selling a good or service and want to increase your revenue, should you increase the price or decrease the price?

Description	Marks
Distinguishes between a good that is price elastic and a good that is price inelastic	1–2
Provides an appropriate example of a good that is price elastic and a good that is price inelastic	1–2
Identifies the change in price that would be needed to increase revenue for an elastic good and/or an inelastic good	1
Total	/5
Answer:	
<ul style="list-style-type: none"> • A good that is price elastic is responsive to a change in price, i.e. a change in price causes a proportionately larger change in quantity demanded, whereas a good that is price inelastic is less responsive to a change in price, i.e. a change in price causes a proportionately smaller change in quantity demanded. • An example of a price elastic good is orange juice. An example of a price inelastic good is petrol. • Whether revenue increases or decreases depends on price elasticity of demand. If a good is elastic, then to increase, revenue price would need to decrease or, if a good is inelastic, then to increase, revenue price would need to increase. 	

18. Define the concept of market failure. For each of the following examples, explain why the market fails:
- public good
 - negative externality.

Description	Marks
Defines market failure	1
Explains why a public good is an example of why the market fails	1–2
Explains why a negative externality is an example of why the market fails	1–2
Total	/5
Answer:	
<p>Market failure</p> <ul style="list-style-type: none"> • The market is usually an efficient way to allocate resources and distribute income but sometimes it produces outcomes that are inefficient and inequitable. <p>Public good</p> <ul style="list-style-type: none"> • The market fails to provide these because the good is not excludable. This means that it is impossible to prevent people from consuming the good so private firms will not normally supply the good. <p>Negative externality</p> <ul style="list-style-type: none"> • The market fails because the external costs of production are not counted by the market and this means that too much of the good is being produced. For example, if the production of a good causes pollution, the costs of pollution are not measured by the market so that resources are not correctly allocated. 	

19. Define the term 'price ceiling'. Draw a diagram to show the effect of a price ceiling on a market. Explain the impact of the price ceiling on both consumers and producers.

Description	Marks
Defines the term price ceiling	1
Draws a diagram showing a price ceiling in relation to equilibrium	1–2
Explains the impact of a price ceiling on consumers and producers	1–2
Total	/5
Answer:	
<ul style="list-style-type: none">• A price ceiling is a regulated maximum price where the ceiling price is set below the equilibrium price.• The diagram reflects a price below equilibrium and shows the resulting shortage.• Consumers gain by being able to purchase the good for a lower price, but some consumers lose because there is a shortage. Producers are hurt by the ceiling because they sell less at a lower price.	

Sample assessment task
 Economics – General Year 12
 Task 7 – Unit 4

Assessment type: Data interpretation/Short answer

Conditions

Time for the task: 40 minutes
 In-class test under test conditions

Task weighting

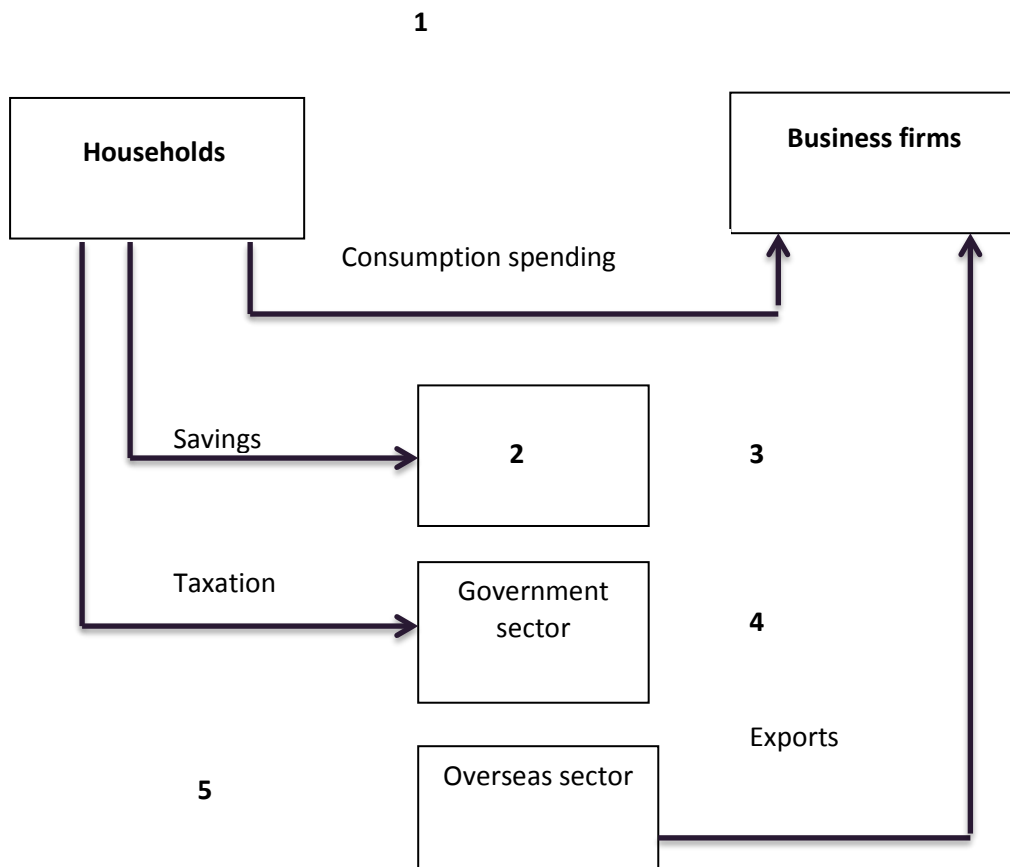
10% of the school mark for this pair of units

Question 1

(15 marks)

- (a) The rectangles below represent the five sectors of an economy. Complete the Circular Flow of Income Model by labelling the remaining sector (labelled 2) and adding lines to represent the missing money flows (labelled 1, 3, 4 and 5).

(5 marks)



- (b) Distinguish between leakages and injections in the Circular Flow of Income Model and explain the concept of equilibrium. (4 marks)

(c) Assume the Circular Flow of Income Model is initially in equilibrium. Outline the effects of an increase in injections on the levels of spending, output and income. (6 marks)

Marking key for sample assessment task 7 – Unit 4

Data interpretation/Short answer

Question 1

- (a) The rectangles below represent the five sectors of an economy. Complete the Circular Flow of Income Model by labelling the remaining sector (labelled 2) and adding lines to represent the missing money flows (labelled 1, 3, 4 and 5).

Description	Marks
Correctly labels the numbers 1–5 on the Circular Flow of Income Model.	1 mark each
Total	/5
Answer	
1. Income 2. Financial sector 3. Investment 4. Government spending 5. Imports	

- (b) Distinguish between leakages and injections in the Circular Flow of Income Model and explain the concept of equilibrium.

Description	Marks
Correctly distinguishes between leakages and injections using examples	1–2
Correctly explains the concept of equilibrium	1–2
Total	/4
Answer	
<ul style="list-style-type: none"> Leakages withdraw funds from the Circular Flow of Income Model (CFM) and include savings, taxation and imports and decrease the level of income in the CFM Injections are additions to the CFM and include investment, government spending and exports and increase the level of income in the CFM. Equilibrium is a state of balance in the CFM from which there is no tendency to change and it occurs when leakages equal injections ($S+T+M = I+G+X$). 	

- (c) Assume the Circular Flow of Income Model is initially in equilibrium. Outline the effects of an increase in injections on the levels of spending, output and income.

Description	Marks
Correctly explains the effect on total spending and total output when injections are greater than leakages	1–2
Correctly explains the effect on resources	1
Correctly outlines the effect on inventories	1
Correctly explains the effect on income and the adjustment to the economy	1–2
Total	/6
Answer	
<ul style="list-style-type: none"> • Equilibrium occurs when leakages equal injections. If injections increase, they will become greater than leakages. • Total spending has increased. • This will cause: <ul style="list-style-type: none"> ▪ total output to increase to match the increase in spending ▪ the demand for resources (derived demand), including labour (employment), will rise ▪ stock or inventories that businesses firms hold will fall ▪ increases in household income lead to higher consumption spending ▪ the economy will go through a series of adjustments until spending again matches output and leakages equal injections. 	

Sample assessment task

Economics – General Year 12

Task 8 – Unit 4

Assessment type: Extended answer

Conditions

Time for the task: 40 minutes

In-class test under test conditions

Task weighting

10% of the school mark for this pair of units

Sectionalised essay**(20 marks)**

- (a) Define and explain the **four** economic objectives of the Australian Government. (8 marks)
- (b) Refer to the economic indicators below to describe Australia's macroeconomic performance during 2014.

Annual Real GDP growth rate: March 2014: 3.5% and September 2014: 2.7%

Inflation rate: March 2014: 2.9% and December 2014: 1.7%

Unemployment rate: March 2014: 5.9% and December 2014: 6.3%

In your response, consider:

- the movement of the economy (expansion or contraction) (1 mark)
- the change in each of the three economic indicators (3 marks)
- the conditions in the economy and relate to the impact on the components of aggregate expenditure. (5 marks)

Include a diagram of the business cycle and, based on the data provided, label Australia's position in late 2014 on the diagram. (3 marks)

Marking key for sample assessment task 8 – Unit 4

Extended answer

- (a) Define and explain the **four** economic objectives of the Australian Government.

Description	Marks
Defines the economic objective	1
Explains the economic objective	1
	(2 marks for each objective)
Total	/8
Answer	
<p>Economic growth is the increasing capacity of an economy to satisfy the wants of the population and is associated with more goods and services being produced and a high material standard of living for the population.</p> <p>Full employment occurs when everyone who is willing to work can find employment and where cyclical unemployment is avoided. At full employment, the natural rate of unemployment is around 5% of the labour force.</p> <p>Price stability occurs when rates of inflation are low (the target inflation rate is between 2–3%) and is desirable due to the distortions in decision-making caused by inflation.</p> <p>Equitable distribution of income is where everyone has access to basic goods and services needed to avoid absolute poverty to ensure a minimal standard of living. This is achieved through progressive taxation and government spending, such as on welfare payments.</p>	

- (b) Refer to the economic indicators below to describe Australia’s macroeconomic performance during 2014.

Annual Real GDP growth rate: March 2014: 3.5% and September 2014: 2.7%

Inflation rate: March 2014: 2.9% and December 2014: 1.7%

Unemployment rate: March 2014: 5.9% and December 2014: 6.3%

Description	Marks
Identifies the movement of the economy	1
Identifies the changes in the economic indicators	1–3
Outlines the changes in the conditions in the economy, using the indicators, and relates this to the components of aggregate expenditure	1–5
Draws and labels a diagram of the business cycle Identifies Australia’s position on the cycle in late 2014	1–3
Total	/12
Answer	
<ul style="list-style-type: none"> • The economy is contracting. • The economy is relatively weak: the economic growth rate has fallen, unemployment rate has increased and the rate of inflation has fallen. • Aggregate expenditure will fall. There could be: <ul style="list-style-type: none"> ▪ a fall in investment (as business loses confidence) ▪ a fall in exports (as less is being produced) ▪ a fall in household durable consumption with job losses. • Australia would be in the downswing phase of the business cycle. 	