



## SAMPLE COURSE OUTLINE

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**ECONOMICS**  
**GENERAL YEAR 12**

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## Sample course outline

### Economics – General Year 12

#### Semester 1 – Unit 3 – Microeconomics

Week	Key teaching points
1	<p><b>Introduction to markets</b></p> <ul style="list-style-type: none"> <li>The functions of an economic system</li> <li>The characteristics of a market economy</li> <li>The distinction between a product market and a factor market</li> <li>The characteristics of a competitive market</li> <li>The characteristics of a non-competitive market</li> </ul>
2–4	<p><b>Demand</b></p> <ul style="list-style-type: none"> <li>The meaning of demand</li> <li>A demand curve and a demand schedule</li> <li>The law of demand</li> <li>The relationship between individual and market demand schedules and curves</li> <li>The importance of the <i>ceteris paribus</i> assumption in drawing a demand curve</li> <li>The substitution effect and the income effect</li> <li>The effect of a change in price on a demand curve (expansion/contraction)</li> <li>The factors affecting demand other than price</li> <li>The effect of changes in non-price factors on a demand curve (increase/decrease)</li> <li>The difference between a normal good and an inferior good</li> </ul> <p><b>Supply</b></p> <ul style="list-style-type: none"> <li>The meaning of supply</li> <li>A supply schedule and a supply curve</li> <li>The law of supply</li> <li>The relationship between individual and market supply schedules and curves</li> <li>The importance of the <i>ceteris paribus</i> assumption in drawing a supply curve</li> <li>The reasons for the law of supply</li> <li>The effect of a change in price on a supply curve (expansion/contraction)</li> <li>The factors affecting supply other than price</li> <li>The effect of non-price factors on a supply curve (increase/decrease)</li> </ul>
5–6	<p><b>Equilibrium</b></p> <ul style="list-style-type: none"> <li>The meaning of equilibrium</li> <li>The determination of equilibrium from a demand schedule and a supply schedule</li> <li>The determination of equilibrium from a demand curve and a supply curve</li> <li>The meaning of excess demand and the effect on price</li> <li>The meaning of excess supply and the effect on price</li> <li>A demand/supply graph showing a surplus</li> <li>A demand/supply graph showing a shortage</li> <li>Price adjustment to clear shortages and surpluses in a competitive market (the price mechanism)</li> <li>The effect of changes in demand on market equilibrium</li> <li>The effect of changes in supply on market equilibrium</li> <li>The effect of changes in demand and supply on market equilibrium</li> </ul>

Week	Key teaching points
7–8	<p><b>Elasticity</b></p> <ul style="list-style-type: none"> <li>• The meaning of price elasticity of demand</li> <li>• The difference between elastic demand and inelastic demand</li> <li>• Different methods to measure price elasticity of demand</li> <li>• The meaning of total revenue (TR)</li> <li>• The effect on total revenue when price is changed and demand is elastic</li> <li>• The effect on total revenue when price is changed and demand is inelastic</li> <li>• The determinants of price elasticity of demand</li> <li>• The meaning of income elasticity of demand</li> <li>• The behaviour of normal goods and inferior goods in response to changes in income</li> <li>• The meaning of price elasticity of supply</li> <li>• The difference between elastic supply and inelastic supply</li> <li>• The factors that determine price elasticity of supply</li> <li>• The significance of price and income elasticity for consumers, businesses and government</li> </ul>
9–13	<p><b>Market failure and government policies</b></p> <ul style="list-style-type: none"> <li>• The meaning of economic efficiency</li> <li>• The meaning of ‘market failure’</li> </ul> <p><b>Market failure – market power</b></p> <ul style="list-style-type: none"> <li>• The efficiency of a competitive market</li> <li>• The characteristics of an imperfect market</li> <li>• The effect of barriers to entry on competition</li> <li>• A comparison of price and output in imperfect markets compared to competitive markets</li> <li>• The meaning of market power</li> <li>• Examples of monopoly and oligopoly markets</li> <li>• The effect of market power on price and output</li> <li>• The meaning of anti-competitive behaviour</li> <li>• Examples of anti-competitive practices: cartels; misuse of market power; exclusive dealing; resale price maintenance; predatory pricing; collective bargaining and boycotts</li> <li>• The role of the ACCC in ensuring market efficiency</li> <li>• Policy options to influence market power</li> </ul> <p><b>Market failure – externalities</b></p> <ul style="list-style-type: none"> <li>• The difference between private benefits and external benefits of consumption</li> <li>• The difference between private costs and external costs of production</li> <li>• The meaning of ‘externality’</li> <li>• The difference between a negative and a positive externality</li> <li>• The concept of under-production (a positive externality) using a demand/supply model</li> <li>• The concept of over-production (a negative externality) using a demand/supply model</li> <li>• Government policies to correct for externalities</li> </ul> <p><b>Market failure – public goods and common resources</b></p> <ul style="list-style-type: none"> <li>• The difference between rival and non-rival goods</li> <li>• The difference between excludable and non-excludable goods</li> <li>• Characteristics of a public good</li> <li>• Public goods and the ‘free rider’ problem</li> <li>• Characteristics of a common resource</li> <li>• Common resources and the ‘tragedy of the commons’</li> <li>• Types of public goods provided by the government</li> <li>• Government action to protect common resources</li> </ul> <p><b>Market failure – equity</b></p> <ul style="list-style-type: none"> <li>• The meaning of ‘equity’</li> <li>• The relationship between efficiency and equity</li> <li>• The difference between horizontal and vertical equity</li> <li>• Government policies that increase equity</li> </ul>

Week	Key teaching points
14–15	<b>Government policies</b> <ul style="list-style-type: none"><li>• The operation of price controls (price ceiling and price floor) using a demand/supply model</li><li>• The operation of taxes and subsidies using a demand/supply model</li></ul>
16	Revision In-class test on a representative sample of content from Unit 3

## Semester 2 – Unit 4 – Macroeconomics

Week	Key teaching points
1–3	<p><b>Macroeconomic activity</b></p> <ul style="list-style-type: none"> <li>• The subject matter of macroeconomics</li> <li>• The relevance of macroeconomics</li> <li>• The distinction between macroeconomics and microeconomics</li> <li>• The basic circular flow model of the economy</li> <li>• The key assumptions of the circular flow model</li> <li>• The equality of total spending, total income and total production</li> <li>• The extended circular flow model</li> <li>• The meaning of ‘equilibrium’ in terms of the circular flow model</li> <li>• The condition for equilibrium in terms of leakages and injections</li> <li>• The effect of changes in leakages and injections on the level of equilibrium</li> <li>• The four components of aggregate expenditure</li> <li>• Factors that can affect the components of aggregate expenditure</li> </ul>
4	<p><b>The business cycle</b></p> <ul style="list-style-type: none"> <li>• The meaning of the business cycle</li> <li>• The use of real GDP to measure the business cycle</li> <li>• A diagram showing the business cycle (phases and turning points)</li> <li>• The characteristics of each phase of the business cycle</li> <li>• The difference between types of economic indicators (leading, lagging and coincident)</li> </ul>
5–8	<p><b>Economic objectives</b></p> <ul style="list-style-type: none"> <li>• The economic objectives of the Australian Government: <ul style="list-style-type: none"> <li>▪ sustainable economic growth</li> <li>▪ full employment (low unemployment)</li> <li>▪ price stability (low inflation)</li> <li>▪ a more equitable distribution of income (reduced income inequality)</li> <li>▪ the efficient allocation of resources</li> </ul> </li> </ul> <p><b>Economic growth</b></p> <ul style="list-style-type: none"> <li>• The meaning of economic growth</li> <li>• The definition of gross domestic product (GDP)</li> <li>• The difference between nominal and real GDP</li> <li>• The measurement of economic growth</li> <li>• The importance of real GDP per capita</li> <li>• The limitations of GDP as a measure of economic welfare</li> <li>• Factors that can determine long-term economic growth</li> <li>• The costs and benefits of economic growth</li> </ul> <p><b>Inflation</b></p> <ul style="list-style-type: none"> <li>• The meaning of inflation</li> <li>• The consumer price index (CPI)</li> <li>• The measurement of the rate of inflation using the CPI</li> <li>• The difference between the ‘headline’ rate of inflation and the underlying or core rate of inflation</li> <li>• The difference between demand inflation and cost inflation</li> <li>• Factors that can increase the rate of inflation</li> <li>• The costs of inflation on income distribution, economic growth and competitiveness</li> <li>• The groups that gain from inflation and the groups that lose</li> </ul> <p><b>Unemployment</b></p> <ul style="list-style-type: none"> <li>• The difference between the working age population and the labour force</li> <li>• The meaning of unemployment</li> <li>• The measurement of the unemployment rate and the labour force participation rate</li> <li>• The effect of the business cycle on the unemployment rate and the labour force participation rate</li> </ul>

Week	Key teaching points
	<ul style="list-style-type: none"> <li>• The difference between someone who is unemployed and underemployed</li> <li>• The three main types of unemployment (frictional, structural and cyclical)</li> <li>• Factors that can cause unemployment to increase/decrease</li> <li>• The meaning of the 'natural rate of unemployment' and 'full employment'</li> <li>• The costs of unemployment to society and to the individual</li> <li>• The short-term trade-off between unemployment and inflation (the Phillips curve)</li> </ul>
9–10	<p><b>Balance of payments</b></p> <ul style="list-style-type: none"> <li>• The benefits from trade (both exports and imports)</li> <li>• The composition of Australia's trade</li> <li>• The direction of Australia's trade</li> <li>• Australia's major export markets and import markets</li> <li>• The importance of the Asia-Pacific region to Australia's trade</li> <li>• The definition of the balance of payments</li> <li>• The difference between the current account and the capital and financial account</li> <li>• The difference between a debit and a credit entry</li> <li>• The main categories that comprise the current account</li> <li>• The main categories that comprise the capital and financial account</li> <li>• The reason why the balance of payments 'balances'</li> <li>• The effect of an increase in the current account on the capital and financial account</li> <li>• The effect of an increase in the capital and financial account on the current account</li> </ul>
11	<p><b>Income distribution</b></p> <ul style="list-style-type: none"> <li>• The difference between the concepts of income, wealth and income distribution</li> <li>• The meaning of a Lorenz curve</li> <li>• A Lorenz curve graph</li> <li>• The meaning of the 'Gini coefficient'</li> <li>• The 'Gini coefficient' as a measure of income inequality</li> </ul>
12	<p><b>The public sector</b></p> <ul style="list-style-type: none"> <li>• The meaning of a 'modified market economy'</li> <li>• The difference between the public and private sectors</li> <li>• The need for government in a market economy</li> <li>• The meaning and importance of the following roles: <ul style="list-style-type: none"> <li>▪ the regulation of business enterprises</li> <li>▪ stabilising the business cycle</li> <li>▪ the redistribution of income to reduce income inequality</li> <li>▪ stabilising the business cycle</li> </ul> </li> <li>• The size of the government sector in Australia relative to other economies</li> <li>• The growth in the size of the Australian government sector over time</li> <li>• The fiscal responsibilities of the three tiers of government in Australia – Commonwealth, State and Local</li> <li>• The main sources of revenue and outlays for the three tiers of government</li> </ul>
13	<p><b>Taxation</b></p> <ul style="list-style-type: none"> <li>• The difference between a direct tax and an indirect tax</li> <li>• The difference between a progressive tax, a regressive tax and a proportional tax</li> <li>• The main Commonwealth government taxes</li> <li>• The criteria to assess a tax system (simplicity, equity and efficiency)</li> </ul>

Week	Key teaching points
14–15	<p><b>Macroeconomic performance</b></p> <ul style="list-style-type: none"> <li>• Australia’s macroeconomic performance over time (last 10 years) with respect to the following macro indicators: <ul style="list-style-type: none"> <li>▪ economic growth</li> <li>▪ unemployment</li> <li>▪ inflation</li> <li>▪ current account balance/financial account balance</li> <li>▪ the exchange rate</li> <li>▪ graphs/data showing trends in each of these indicators</li> </ul> </li> <li>• The impact of recent domestic and international events on the Australian economy – events could include some of the following: <ul style="list-style-type: none"> <li>▪ the growth of the Chinese economy</li> <li>▪ the global financial crisis (GFC)</li> <li>▪ changes in Australia’s terms of trade</li> <li>▪ the mining boom in Australia</li> <li>▪ the collapse of Australia’s car industry</li> <li>▪ the impact of drought on the Australian economy</li> <li>▪ appreciation/depreciation of the Australian dollar</li> <li>▪ changes in Australia’s productivity</li> <li>▪ the ageing of Australia’s population</li> </ul> </li> </ul>
16	<p>Revision</p> <p>In-class test on a representative sample of content from Unit 4</p>