# Government of South Australia LogoSACE Board Logo2024 Economics Subject Assessment Advice

Overview

This subject assessment advice, based on the 2024 assessment cycle, gives an overview of how students performed in their school and external assessments in relation to the learning requirements, assessment design criteria, and performance standards set out in the relevant subject outline. It provides information and advice regarding the assessment types, the application of the performance standards in school and external assessments, and the quality of student performance.

The Subject Renewal program has introduced changes for many subjects in 2025; these changes are detailed in the change log at the front of each subject outline. When reviewing the 2024 subject assessment advice, it is important to consider any updates to this subject to ensure the feedback in this document remains accurate.

# School Assessment

Teachers can improve the moderation process and the online process by:

* thoroughly checking that all grades entered in school online are correct
* ensuring the uploaded tasks are legible, all facing up (and all the same way), and removing blank pages and student notes
* ensuring the uploaded responses have pages the same size and in colour so teacher marking and comments are clear
* ensuring that multi-modal responses are audible, are of a font size that is readable, and show the teacher’s assessment against the performance standards.

Assessment Type 1: Folio

Teachers can elicit more successful responses by:

* designing tasks that include both routine and more complex questions and issues that allow effective differentiation of knowledge and understanding, application (especially Ap3), and analysis and evaluation (especially AE2) of economic concepts and models across all grade bands
* providing students with a variety of assessment tasks to demonstrate their depth of knowledge and skills; application of economic concepts, models, and principles; as well as analysis and evaluation
* including opportunities to demonstrate application as well as analysis and evaluation in every task.

The more successful responses commonly:

* showed their deep and broad understanding of economic concepts, principles, and models in all tasks and in a variety of contexts
* demonstrated clear and obvious application of economic concepts, principles, and models to real-world examples
* integrated fully labelled and relevant diagrams at the micro and macro level which were correctly manipulated and changes were analysed - in particular the monetarist AD/AS model
* generated and manipulated their own accurate and well-labelled diagrams rather than rely on ones taken from an outside source
* incorporated economic data accurately when applying economic concepts, principles, and models. Used the economic data, graphs, and so on to enhance their answers through the clear application of economic concepts, models, and principles to the data; used graphs
* analysed economic data in terms of causes and effects of and reasons for change in relation to the topic or scenario being analysed or evaluated
* had recommendations which flowed logically from their work, were supported by reasoned arguments, and showed their clear understanding of intended and unintended consequences
* analysis and evaluation included correctly labelled diagrams and was based on clear application of economic theory and supported by economic data
* used accurate and appropriate economic language throughout their work.

The less successful responses commonly:

* did not address the assessment design criteria
* demonstrated limited and inconsistent understanding across the range of tasks and were relying on textbook or general descriptions in their assignments or to show their understanding in a variety of contexts
* lacked clear and obvious application of economic concepts, principles, and models and did not link their answer to the appropriate economic concepts or economic models
* described economic data (i.e. changes to graphs described up or down) but did not frame the data within the context of the economic concept. The description lacked a rationale for the change and did not address the impacts of that change. Data often included but not applied in text or analysed
* did not include accurate or complete economic models, specifically the monetarist AD/AS model. The economic models were not referenced or changes analysed. Often confused microeconomic and macroeconomic models in their answers
* included basic or oversimplified arguments and recommendations not fully supported by economic reasoning
* included partially developed analysis and evaluation. Often provided more descriptions of events rather than an analysis of the impacts of change. Very generalised and not focused on the topic being analysed or evaluated
* lacked understanding and analysis of intended and unintended consequences.

Assessment Type 2: Economic Project

Teachers can elicit more successful responses by:

* designing questions or assisting students to design questions that allow opportunities for data analysis as well as assessment of opposing economic perspectives
* minimising specific scaffolding for students to allow them to show breadth of application and analysis, and evaluation of their topic
* ensuring that the project allows students to demonstrate the required specific features at higher grade levels.

The more successful responses commonly:

* had a clear and specific topic to investigate, which allowed for the integration of economic data, concepts, and models
* included accurate use of economic terminology and definitions through the application to their topic, rather than just listing them in introductions
* integrated economic concepts and models throughout their project. Showed the ability to apply economic thinking to their topic
* consistently integrated economic data and/or statistics from a wide range of sources in the application, analysis of economic models, and concepts and recommendations
* analysed and evaluated economic data effectively, including possible causes and effects of change in relation to their topic
* integrated fully labelled economic models accurately throughout the project, which were referred to in the text
* successfully developed economic reasoning to reach synthesised, well-rounded conclusions and recommendations with a full analysis of intended and unintended consequences.

The less successful responses commonly:

* investigated topics which were too broad, undefined, or did not cover the topic chosen
* chose a topic that did not allow for in-depth analysis or making practical recommendations
* were often limited in the scope of their answer, especially where there was highly structured scaffolding in place
* were very generalised and used textbook or general descriptions with little application to the topic, and did not show their understanding of key economic concepts in relation to their topic
* had generalised discussions of data rather than the application of data for in-depth analysis without clear links to their topic or economic concepts and/or models (i.e. analysis)
* used limited or no economic models. Included models were often incomplete or inaccurate, especially the monetarist AD/AS model. Confused the microeconomic and macroeconomic models in their answer
* lacked depth of analysis and evaluation, especially of the causes and effects of change with some responses just listing consequences of policies and programs without explaining cause and impact of such changes
* lacked recommendations or those given were not supported by economic reasoning or were not practical in a real-world situation
* showed that the impact of intended and unintended consequences was not fully understood or explored
* relied too much on a limited range of sources
* exceeded the word limit of 2000 words.

# External Assessment

Assessment Type 3: Examination

Question 1

(a) This question was well answered. Nearly all students were able to outline two changes in the egg industry since 2014.

(b) (i) Most students correctly selected Diagram D.

 (ii) This question was generally not well answered. Students were required to explain how the equilibrium moved from Pe to Pe1. Successful responses explained that the changes in demand and supply would create a shortage at the old equilibrium price. This shortage would put an upward pressure on price and cause a decrease in Qd (contraction) and an increase in Qs (expansion) until the new equilibrium point is reached. Weaker responses included broad statements about the price mechanism adjusting but did not provide enough details about how this would happen.

(c) Weaker responses confused the factors affecting PED with the factors affecting PES. The most common reasons suggested for PES increasing in the long run were the increased availability of resources or improved productivity.

(d) Successful responses explained that the PED for free-range eggs is likely to be more elastic than the PED for the total of all types of eggs because one specific type of egg would have more substitutes than the total of all eggs. The most common error was to compare other specific types of eggs to free-range eggs rather than the total of all eggs.

(e) This question was well answered. Best responses explained why the S curve moved to the left and correctly showed this on the diagram. They also accurately labelled and explained the new equilibrium price and quantity.

(f) (i) This question was not well answered. Best responses identified both the strength of the relationship and the significance of the actual value. An R2 value of 0.74 indicates a relatively strong correlation between the consumption of cage eggs and price, that is 74% of the variation in consumption of cage eggs could be explained by price. Some students also commented on the distinction between correlation and causation, but this was not required to achieve full marks.

 (ii) Best responses commonly explained that consumers of free-range eggs prioritise animal welfare, sustainability, and health benefits over price. A few students correctly referred to free-range eggs having less substitutes and a lower PED as a reason for the low correlation between consumption and price.

Question 2

(a) (i) Most students correctly identified a Negative Production Externality.

 (ii) This question required students to refer to the diagram to explain how and why it showed a negative production externality. Best responses explained that the diagram shows a negative production externality as MSC is higher than MPC. The most common incorrect answer simply defined a negative externality.

 (iii) Most students identified G+H+I as producer surplus and F as deadweight loss.

 (iv) Best responses explained that market failure occurs because the market equilibrium does not reflect the true cost of production, leading to overproduction, a misallocation of resources, and inefficiency.

(b) Many responses correctly completed and fully labelled the diagram showing that a tax on production would move the S curve to the left. Best responses correctly identified the tax as the vertical distance between the two supply curves at the new equilibrium quantity. Best responses identified and explained at least one reason for and one reason against the tax and included an overall conclusion based on these. Most common reasons for included better allocative efficiency and possible uses of increased tax revenue. Most common reasons against included the regressive nature of the tax and possible inflationary effects.

Question 3

(a) Most students explained that the wholesale market for eggs was a duopoly because two firms dominated the market.

(b) (i) This question was well answered. Students explained that it would be easier to agree and enforce collusion between two firms than it would be for more firms.

 (ii) Best responses explained that there was evidence of collusion because of an incentive to cheat when using a high price strategy. Many students used the numbers in the payoff matrix to support this. Many students also explained that in a competitive market, they would implement market pricing because this was the dominant strategy for both firms.

 (iii) Common responses included less choice, less innovation, reduced consumption, and asymmetric information.

 (iv) When both firms choose market pricing strategy neither firm can gain from a change of strategy if the other does not change its strategy.

(c) Best responses explained that if PED is inelastic, any change in price would lead to a smaller percentage change in quantity. If both firms move to market pricing, the percentage decrease in price will be greater than the percentage increase in quantity. As total revenue is calculated by P x Q, it will decrease and therefore lead to a decrease in profits for both firms.

(d) Most students were able to suggest one measure to address collusion, but many only focused on one side of the argument. Successful responses discussed reasons why a measure could be effective as well as reasons why that measure might not be effective, before reaching an overall conclusion. Increasing regulations or price controls were most referred to as possible measures.

Question 4

(a) This question was not well answered with students confusing real flows with money flows. Many students did not use specific terminology to identify the flows.

(b) Better responses clearly identified government spending as an injection and were able to explain how the multiplier would result in secondary rounds of consumption spending, so that the change in economic activity would be larger than the initial injection. Weaker responses made no reference to the circular flow model and failed to identify how the multiplier works.

(c) Effective responses utilised terminology such as capital or explained that the goods were not for current consumption.

(d) This question was mostly well answered with correct answers identifying that taxes as a leakage would reduce income for consumption. Some answers tended to be statements rather than explanations, which prevented students from accessing full marks.

(e) This was a poorly answered question with few students identifying the need for government to understand the multiplier in terms of its impact on the magnitude of policy necessary to attain full employment. Those students who did identify this were able to effectively identify the risk of over- or under-stimulating the economy.

(f) This question was poorly answered with responses tending to not recognise the questions’ focus on potential GDP. Those students who attained full marks were able to identify an increase in infrastructure and how it led to increases in potential GDP. Many students, however, incorrectly commented on increases in actual growth as they spoke about increases in government spending or exports.

(g) (i) Best responses clearly showed an increase in AD and fully labelled the diagram. However, many responses incorrectly showed an increase in SRAS or failed to fully label the model.

 (ii) This question was well answered with most responses showing an increase in both the LRAS and SRAS curves.

(h) Some students confused or were unable to distinguish between public and private firms. Better answers identified some of the advantages of public firms, including potential lower prices, revenue for government, and greater product access. Successful responses also clearly addressed arguments against public firms or in favour of private firms.

(i) A lot of students showed a shift of the demand curve to the right, but only a few also identified a shift of the supply curve to the right. Best responses were able to show the demand magnitude being larger than supply and thus an appreciation. Effective explanation linked increased exports to an increase in demand for the currency and increased imports to an increase in supply of the currency.

Question 5

(a) (i) This was well answered with students outlining a decrease in both variables. The best responses identified the command term as ‘state’ and used terms such as ‘positive’ or ‘direct’ to describe the relationship.

 (ii) Best responses linked the change in the exchange rate to changes in finances/portfolio related to the lower interest rates. The most common correct response identified lower foreign investment flows into the country due to lower interest returns and thus a decrease in the demand for the currency and a depreciation.

 (iii) Most responses correctly identified that the depreciation would make exports cheaper to foreign buyers and thus would increase. Responses consistently failed to note the impact on imports, tending to associate net exports as only exports. The most effective responses explained an increase in exports and a decrease in imports as causing an increase in net exports.

(b) Best responses clearly spoke about the channels that impact consumption. Most common answers included reference to lower savings and increased capacity to borrow. A few students did note how lower interest rates might reduce incomes for savers and thus lower consumption.

(c) (i) Most responses correctly showed an increase in AD, but diagrams were often not fully labelled, particularly in terms of changes on the axis.

 (ii) This question was poorly answered. Most responses did not identify the difference between the intended and actual outcomes. Effective responses were able to identify this difference and explain that it was likely due to the long and unpredictable impact lag of monetary policy.

(d) Many responses could identify some of the advantages of fiscal policy, including the ability to target areas and a shorter impact lag, but tended to focus on only the positives of fiscal policy. The most effective responses compared it to monetary policy and incorporated information from the stimulus to support the assessment. The best responses had clearly identifiable balance to the argument.

General

Students continue to not fully label and complete diagrams in questions where this is required. Whilst there has been an increase in the number of students using the extra space at the end of the booklets, teachers are reminded to encourage students to use this space if needed.