



Government of **Western Australia**  
School Curriculum and Standards Authority

# ECONOMICS

ATAR COURSE

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Year 12 syllabus

## IMPORTANT INFORMATION

This syllabus is effective from 1 January 2022.

Users of this syllabus are responsible for checking its currency.

Syllabuses are formally reviewed by the School Curriculum and Standards Authority on a cyclical basis, typically every five years.

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## Rationale

Economics investigates the choices which all people, groups and societies face as they confront the ongoing problem of satisfying their unlimited wants with limited resources. Economics aims to understand and analyse the allocation, utilisation and distribution of scarce resources that determine our wealth and wellbeing. Economics develops the knowledge, reasoning and interpretation skills that form an important component of understanding individual, business and government behaviour at the local, national and global levels.

The Economics ATAR course encompasses the key features which characterise an economist's approach to a contemporary economic event or issue: the ability to simplify the essence of a problem; to collect economic information and data to assist analysis and reasoning; to think critically about the limits of analysis in a social context; and to draw inferences which assist decision-making, the development of public policy and improvement in economic wellbeing.

The Economics ATAR course develops reasoning, logical thinking and interpretation skills demanded by the world of work, business and government. These skills relate to a variety of qualifications in vocational, technical and university education contexts. The learning experiences available through studying this course explore the knowledge, values and opinions which surround the complex range of economic events and issues facing our community, such as unemployment, income distribution, business strategy and international relations.

Economic literacy developed through this course enables students to actively participate in economic and financial decision-making which promotes individual and societal wealth and wellbeing.

## Course outcomes

The Economics ATAR course is designed to facilitate achievement of the following outcomes.

### Outcome 1 – Economic inquiry

Students use economic information and data to communicate an understanding of economic events, issues and decisions.

In achieving this outcome, students:

- locate, select and organise economic information and data
- analyse and interpret economic information and data
- use economic terms, concepts and models to communicate an understanding of economic events, issues and decisions.

### Outcome 2 – The operation of the economy

Students understand that economic forces influence the operation of the economy and are affected by the decisions of consumers and businesses.

In achieving this outcome, students:

- understand how domestic and international economic forces influence the operation of the economy
- understand the choices, trade-offs and effects of economic decisions made at the local, national and international levels.

### Outcome 3 – Economic policy and action

Students understand that the policies and actions of the government and other authorities affect the operation of the economy.

In achieving this outcome, students:

- understand why economic policies and actions are required to manage the economy
- understand how policy options are used to address domestic and international economic problems and issues
- understand the effects of economic policies and actions of government and other authorities at the local, national and international level.

## Organisation

This course is organised into a Year 11 syllabus and a Year 12 syllabus. The cognitive complexity of the syllabus content increases from Year 11 to Year 12.

### Structure of the syllabus

The Year 12 syllabus is divided into two units which are delivered as a pair. The notional time for the pair of units is 110 class contact hours.

#### Unit 3 – Australia and the global economy

This unit explores the interdependence of Australia and the rest of the world. Australia is a relatively open economy and, as such, is influenced by changes in the world economy.

#### Unit 4 – Economic policies and management

This unit explores the economic objectives of the Australian Government and the actions and policies taken in the pursuit of these objectives. Changes in the level of economic activity influence the policy mix and the government's capacity to achieve its objectives.

Each unit includes:

- a unit description – a short description of the focus of the unit
- unit content – the content to be taught and learned.

### Organisation of content

The Economics ATAR course develops student learning through two content areas:

- Economic knowledge and understanding
- Economic skills.

### Representation of the general capabilities

The general capabilities encompass the knowledge, skills, behaviours and dispositions that will assist students to live and work successfully in the twenty-first century. Teachers may find opportunities to incorporate the capabilities into the teaching and learning program for the Economics ATAR course. The general capabilities are not assessed unless they are identified within the specified unit content.

#### Literacy

Students develop literacy capability as they research, read, interpret and analyse sources of information and data on the Australian economy. They learn to use the specialised language and terminology of economics when discussing and applying concepts to contemporary issues and events, communicating ideas and forming opinions and drawing conclusions.

## **Numeracy**

Students develop and apply numeracy knowledge and skills to develop charts, statistics, graphs and models that display economic data. They interpret and analyse economic data, draw conclusions and make predictions and forecasts and apply this knowledge and skills to real and/or hypothetical experiences.

## **Information and communication technology capability**

Students develop information and communication technology (ICT) capability as they learn to use it effectively and appropriately to access, create and communicate information and ideas. Students develop the knowledge and skills to use digital technologies to research and source information on Australia's economy, including internet search engines and websites, and library catalogues. Students develop and apply their ICT skills through organising and presenting information.

## **Critical and creative thinking**

Students develop capability in critical and creative thinking as they learn to generate and evaluate knowledge, clarify concepts and ideas, seek possibilities, consider alternatives and solve problems. Critical thinking and reasoning skills develop through the investigation of Australia's economy and engaging with data about the economy's performance. Critical and creative thinking is further developed through the examination of contemporary economic issues and events.

## **Personal and social capability**

Students develop personal and social capability as they learn to understand themselves and others, and manage their relationships, lives, work and learning more effectively. Students are encouraged to develop and apply personal, interpersonal and social skills, behaviours and dispositions through working collaboratively and constructively in groups, developing their communication, decision-making, conflict resolution and leadership skills, learning to appreciate the insights and perspectives of others, and the interdependence of economic decisions.

## **Ethical understanding**

Students develop ethical understanding as they identify and investigate ethical concepts, values and principles, and understand how reasoning can assist ethical judgement. Students recognise different perspectives and have opportunities to explore their own rights and responsibilities as participants in the economy.

## **Intercultural understanding**

Students develop intercultural understanding as they engage with their own cultures, values and beliefs and those of others. The capability involves students learning about, and engaging with, diverse cultures in ways that recognise commonalities and differences in responding to economic issues and events. They consider the effects of decisions made by sectors of the Australian economy, and by economies overseas, to highlight the interconnections between cultures and countries.



## **Representation of the cross-curriculum priorities**

The cross-curriculum priorities address contemporary issues which students face in a globalised world. Teachers may find opportunities to incorporate the priorities into the teaching and learning program for the Economics ATAR course. The cross-curriculum priorities are not assessed unless they are identified within the specified unit content.

### **Aboriginal and Torres Strait Islander histories and cultures**

The Economics ATAR course provides an opportunity for students to learn about Aboriginal and Torres Strait Islander decisions in relation to the use of resources in the past and present. Students have the opportunity to explore the interconnectedness between People, Culture and Country/Place and past and present economic activities.

### **Asia and Australia's engagement with Asia**

The Economics ATAR course provides an opportunity for students to learn about the current and possible future, trade relationship between Australia and Asia. Students have the opportunity to explore the role that Australia plays in economic developments in the Asia region and the contribution of Asian economies to economic activity in Australia.

### **Sustainability**

The Economics ATAR course provides an opportunity for students to learn about the interdependence of economic, social and ecological systems. Students have the opportunity to explore the need for balancing economic development, environmental sustainability, and society's obligations to meet the needs and wants of the present without compromising the ability of future generations to meet their needs and wants. Economics provides the tools for that decision making.

## Unit 3 – Australia and the global economy

### Unit description

The unit explores the linkages between economies and the concepts of globalisation, trade liberalisation and protection in relation to the Australian economy. Students examine Australia's trade, the recording of international transactions and the impact of these transactions on the Australian economy. Students examine the effects of changes in Australia's economic transactions with the rest of the world using recent (the last ten years) and contemporary (the last three years) economic data, together with economic models.

### Unit content

This unit includes the knowledge, understandings and skills described below. This is the examinable content.

#### Economic knowledge and understanding

##### Global interdependence

- linkages between economies, including trade, investment, tourism and immigration
- the patterns and trends in global trade
- the concept, and determinants, of international competitiveness
- the concept, and extent, of globalisation
- the factors facilitating globalisation
- economic effects of globalisation

##### Free trade and protection

- the significance of trade for the Australian economy
- sources of comparative advantage
- the gains from specialisation and trade i.e. the theories of absolute and comparative advantage, using the demand and supply model, the production possibility frontier model and/or the concept of opportunity cost
- different forms of protection
- the operation of tariffs and subsidies as forms of protection and their effects on trade and market efficiency
- arguments for and against trade liberalisation
- the influence of trade agreements, organisations and blocs on world trade

##### Pattern of trade

- Australia's trade intensity
- patterns and trends in the composition and direction of Australia's trade

**Balance of payments**

- structure of Australia's balance of payments and the concept of the current account balance
- recent (the last ten years) trends in Australia's current account
- structural and cyclical reasons for Australia's current account outcome
- differing views as to the significance of Australia's current account outcome

**Terms of trade**

- the concepts of the terms of trade and the terms of trade index
- factors that affect the terms of trade
- recent (the last ten years) trends in Australia's terms of trade
- the significance of changes in Australia's terms of trade

**Exchange rates**

- the concept of an exchange rate
- the determination of, and movements in, the exchange rate (i.e. an appreciation and a depreciation of the exchange rate) under a freely floating system using the demand and supply model
- the trade weighted index
- the impact of changes in the factors that affect the exchange rate using the demand and supply model
- the relationship between the balance of payments and the exchange rate
- effects of movements in the exchange rate on various sectors of the economy
- recent (the last ten years) trends in Australia's exchange rate

**Foreign investment**

- the concept of foreign investment in terms of foreign assets and foreign liabilities
- the concept of foreign liabilities i.e. foreign debt and equity
- the relationship between the current account outcome and foreign liabilities
- the extent of, and recent (the last ten years) trends in, Australia's foreign direct investment and foreign debt
- benefits and costs of foreign direct investment and foreign debt to Australia

**Economic skills****Economic research**

- identify research questions to investigate
- select appropriate print and electronic media sources of economic information and data on Australia's international trading relationships

- apply appropriate methods of recording and organising economic information, including spreadsheets, graphs and tables
- apply problem-solving, critical thinking and decision-making strategies to achieve outcomes which may be predictable and contestable by nature

**Reasoning, interpretation and analysis**

- identify and organise relevant information within sources
- identify trends and relationships in economic information and data on Australia's international trading relationships
- use economic information and data to make predictions on Australia's international trading relationships
- apply mathematical techniques relevant to international trade, including; calculating opportunity cost ratios; calculating the terms of trade index; exchange rate calculations; balance of payments calculations, such as the balance on goods and services, balance on current account, balance on capital and financial account
- use microeconomic models to analyse Australia's international transactions, including the production possibility frontier model, the demand and supply model, the theories of absolute and comparative advantage
- apply economic reasoning to analyse issues and events in relation to Australia's international transactions
- use evidence found in economic information and data to justify a conclusion

**Communication**

- select and use appropriate terminology
- select and use appropriate formats when communicating economic understandings
- use economic models to convey economic theory and reasoning about Australia's international transactions
- reflect on the investigation process used

## Unit 4 – Economic policies and management

### Unit description

The unit explores how economic policies and actions, such as fiscal policy, monetary policy and microeconomic policy operate in the pursuit of the Australian Government's economic objectives. Students examine the effects of the operation of policies in Australia using economic models along with recent (the last ten years) and contemporary (the last three years) economic data. Students apply the language, theories and tools of economics to develop a critical perspective on the role of these policies in the current Australian Government policy mix.

### Unit content

This unit includes the knowledge, understandings and skills described below. This is the examinable content.

#### Economic knowledge and understanding

##### The business cycle

- the concept of the business cycle
- characteristics of the phases, and causes, of the business cycle
- the relationship between the business cycle and economic indicators

##### The aggregate expenditure model

- the components of aggregate expenditure (AE)
  - consumption
  - investment
  - government spending
  - net exports
- factors affecting each of the components of aggregate expenditure
- the relationship between the consumption function, the marginal propensity to consume and the marginal propensity to save
- the concept of macroeconomic equilibrium
- the impact of changes in aggregate expenditure on the equilibrium level of income/output using the AE model
- the impact of changes in each of the components of aggregate expenditure i.e. the multiplier process using the AE model

##### The aggregate demand and aggregate supply model

- the aggregate demand (AD) curve and factors that can cause movements along and shifts of the AD curve
- the aggregate supply (AS) curve and factors that can cause movements along and shifts of the AS curve

- macroeconomic equilibrium using the AD/AS model
- the impact of changes in aggregate demand and aggregate supply on the equilibrium level of income/output using the AD/AS model
- the use of the AD/AS model to explain the business cycle

### **Economic policy objectives**

- the economic objectives of the Australian Government
  - sustainable economic growth
  - low inflation (price stability)
  - low unemployment (full employment)
  - a more equitable distribution of income
  - the efficient allocation of resources
- the economic policy objectives of the Reserve Bank of Australia (RBA)
- the extent to which the economic objectives of the Australian Government may conflict and complement each other
- the time lags which occur in the use of economic policies i.e. recognition, decision (implementation) and effect (impact) lags

### **Fiscal policy**

- the concept of fiscal policy
- the components of government revenue and expenditure in the budget
- the different budget outcomes i.e. balanced, surplus and deficit budgets
- reasons that account for differences between planned and actual budget outcomes
- methods of financing a budget deficit and the uses of a budget surplus
- the distinction between automatic fiscal stabilisers and discretionary fiscal policy
- the distinction between budget outcomes associated with automatic fiscal stabilisers and budget outcomes associated with discretionary fiscal policy
- the concepts of expansionary, contractionary and neutral fiscal policy stances
- the impact of different fiscal policy stances on the level of economic activity
- strengths and weaknesses of fiscal policy
- contemporary (the last three years) fiscal policy stances in Australia

### **Monetary policy**

- the concepts of monetary policy and the cash rate
- circumstances under which the RBA may change the cash rate
- how monetary policy affects the level of economic activity i.e. the transmission mechanism
- the concepts of expansionary, contractionary and neutral monetary policy stances

- the impact of different monetary policy stances on the level of economic activity
- strengths and weaknesses of monetary policy
- contemporary (the last three years) monetary policy stances in Australia

### **Structural change**

- the concept, and main causes, of structural change
- the effects of structural change
- the relationship between economic growth and structural change

### **Measures to improve productivity**

- the concept of productivity
- the distinction between labour productivity and multifactor productivity
- the relationship between productivity and economic growth
- recent (the last ten years) government policies that promote productivity and economic growth, such as labour market reform, taxation reform, trade liberalisation, deregulation and competition policy, investment in infrastructure, education and training, research and innovation
- the impact of productivity on the achievement of macroeconomic objectives

### **Economic skills**

#### **Economic research**

- identify research questions to investigate
- select appropriate print and electronic media sources of economic information and data on Australia's economic policy and management
- apply appropriate methods of recording and organising macroeconomic information, including spreadsheets, graphs and tables
- apply problem-solving, critical thinking and decision-making strategies to achieve outcomes which may be predictable and contestable by nature

#### **Reasoning, interpretation and analysis**

- identify and organise relevant information within sources
- identify trends and relationships in economic information and data regarding Australia's economic policy and management
- use economic information and data to make predictions on Australia's economic policy and management
- interpret changes in economic data, including prices, unemployment, economic growth, the labour force and productivity

- apply mathematical techniques relevant to macroeconomic analysis, including: calculating the value of the marginal propensity to consume, the marginal propensity to save, and the multiplier; determining the budget outcome; interpreting changes in economic indicators, such as the CPI, GDP and labour force data; calculating a percentage rate of change
- use macroeconomic models to analyse Australia's policy stance, including the Keynesian aggregate expenditure model and the aggregate demand and aggregate supply model
- apply economic reasoning to Australia's economic position and policy mix
- use evidence found in economic information and data to justify a conclusion

**Communication**

- select and use appropriate terminology
- select and use appropriate formats when communicating economic understandings
- use economic models to convey economic theory and reasoning about Australia's policy mix
- reflect on the investigation process used



## School-based assessment

The Western Australian Certificate of Education (WACE) Manual contains essential information on principles, policies and procedures for school-based assessment that needs to be read in conjunction with this syllabus.

Teachers design school-based assessment tasks to meet the needs of students. The table below provides details of the assessment types for the Economics ATAR Year 12 syllabus and the weighting for each assessment type.

**Assessment table – Year 12**

Type of assessment	Weighting
<b>Data interpretation/Short answer</b> An answer of less than 150 words that can include discuss, explain or analyse an economic concept, event or issue. Formats can include: multiple-choice questions, calculations and/or short answer questions that can require a definition, description, explanation or application of economic concepts, theories and/or models. Typically questions require students to interpret real or hypothetical economic data or information, such as graphs, tables, text or cartoons. Typically tasks are a combination of these formats. At least two data interpretation/short answer tasks should be administered under test conditions.	30%
<b>Extended answer</b> The question can require a description, discussion, explanation and/or analysis of an economic concept, event or issue, and the application of economic theories and/or models. The question can include stimulus material. Formats can include: an essay, a sectionalised long answer, an investigation and/or a response to a scenario or a case study. At least two extended answer tasks should be administered under test conditions.	30%
<b>Examination</b> Typically conducted at the end of each semester and/or unit and reflecting the examination design brief for this syllabus.	40%

Teachers are required to use the assessment table to develop an assessment outline for the pair of units.

The assessment outline must:

- include a set of assessment tasks
- include a general description of each task
- indicate the unit content to be assessed
- indicate a weighting for each task and each assessment type
- include the approximate timing of each task (for example, the week the task is conducted, or the issue and submission dates for an extended task).

In the assessment outline for the pair of units, each assessment type must be included at least twice.

The set of assessment tasks must provide a representative sampling of the content for Unit 3 and Unit 4.

Assessment tasks not administered under test/controlled conditions require appropriate validation/authentication processes.

## Grading

Schools report student achievement in terms of the following grades:

Grade	Interpretation
A	Excellent achievement
B	High achievement
C	Satisfactory achievement
D	Limited achievement
E	Very low achievement

The teacher prepares a ranked list and assigns the student a grade for the pair of units. The grade is based on the student's overall performance as judged by reference to a set of pre-determined standards. These standards are defined by grade descriptions and annotated work samples. The grade descriptions for the Economics ATAR Year 12 syllabus are provided in Appendix 1. They can also be accessed, together with annotated work samples, through the Guide to Grades link on the course page of the Authority website at [www.scsa.wa.edu.au](http://www.scsa.wa.edu.au)

To be assigned a grade, a student must have had the opportunity to complete the education program, including the assessment program (unless the school accepts that there are exceptional and justifiable circumstances).

Refer to the WACE Manual for further information about the use of a ranked list in the process of assigning grades.

## ATAR course examination

All students enrolled in the Economics ATAR Year 12 course are required to sit the ATAR course examination. The examination is based on a representative sampling of the content for Unit 3 and Unit 4. Details of the ATAR course examination are prescribed in the examination design brief on the following page.

Refer to the *WACE Manual* for further information.

## Examination design brief – Year 12

### Time allowed

Reading time before commencing work: ten minutes

Working time for paper: three hours

### Permissible items

Standard items: pens (blue/black preferred), pencils (including coloured), sharpener, correction fluid/tape, eraser, ruler, highlighters

Special items: up to three calculators, which do not have the capacity to create or store programmes or text, are permitted in this ATAR course examination

### Additional information

Questions require the candidate to focus on the Australian economy and can require reference to Australia's recent (the last ten years) and/or contemporary (the last three years) economic performance and policy.

Section	Supporting information
<b>Section One</b> <b>Multiple-choice</b> 24% of the total examination 24 questions Suggested working time: 30 minutes	The questions are pitched at varying degrees of difficulty.
<b>Section Two</b> <b>Data interpretation/Short answer</b> 36% of the total examination Three questions Suggested working time: 70 minutes	Each question is of equal value and is based on stimulus material which can include graphs, tables and/or text. Each question has between three and five parts. Questions can require the candidate to refer to and/or use the stimulus material to: <ul style="list-style-type: none"> <li>perform calculations</li> <li>identify, describe and/or account for trends</li> <li>identify, discuss and/or explain relationships</li> </ul> Questions can require the candidate to apply economic concepts, theories and/or models.
<b>Section Three</b> <b>Extended answer</b> <b>Part A: Unit 3</b> 20% of the total examination One question from a choice of two Suggested working time: 40 minutes <b>Part B: Unit 4</b> 20% of the total examination One question from a choice of two Suggested working time: 40 minutes	Questions can be in the form of an essay or a sectionalised long answer. Questions can require the candidate to demonstrate, describe, outline, explain, discuss and/or account for. Questions can require the candidate to apply economic concepts, theories and/or models.

## Appendix 1 – Grade descriptions Year 12

<b>A</b>	Explains complex interrelationships between economic concepts.
	Performs complex calculations and analyses economic data.
	Applies a wide range of economic concepts, economic models and data to support responses, and is able to analyse the impact of contemporary economic events and issues.
	Communicates in a coherent manner incorporating a logical structure, appropriate economic terminology, diagrams and data.
<b>B</b>	Identifies and explains interrelationships between economic concepts.
	Performs calculations and interprets economic data.
	Applies a range of economic concepts, economic models and data to support responses, and is able to link theory to contemporary economic events and issues.
	Communicates in a coherent manner incorporating a clear structure, appropriate economic terminology, diagrams and data.
<b>C</b>	Provides descriptions of economic concepts and identifies simple relationships between economic concepts.
	Performs simple calculations and demonstrates some interpretation of economic data.
	Uses a range of economic concepts, models and data to support responses in familiar contexts.
	Communicates in a straightforward manner, using a simple structure, some economic terminology, diagrams and data.
<b>D</b>	Provides simple descriptions of some economic concepts.
	Performs simple calculations and demonstrates limited interpretation of economic data.
	Uses a limited range of economic concepts, models and data to support responses in familiar contexts.
	Communicates in a superficial, loosely structured manner, using limited economic terminology, diagrams and data.
<b>E</b>	Does not meet the requirements of a D grade and/or has completed insufficient assessment tasks to be assigned a higher grade.