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External Assessment 2022

ECONOMICS

ECN315116

Section **A**

Pages 16

Questions 9

Preparation time for this exam: 15 minutes

Suggested working time: 45 minutes

Instructions:

- There are **three (3)** parts to this section.
- Answer **six (6)** questions in total, **two (2)** questions from each of the following:
 - **Part 1 – Unit 1** – An Introduction to Economics
 - **Part 2 – Unit 2** – Economic Management
 - **Part 3 – Unit 3** – Australia and the Global Economy.
- Answer **all** items within a question.
- Write your answers in the spaces provided in this exam paper. You are encouraged to include diagrams where relevant.
- Each question is worth 7.5 marks ($6 \times 7.5 = 45$ marks in total for **Section A**).
- The exam is **three (3)** hours in length. The suggested working time is provided in the instructions for each part.
- All answers must be written in **English**.
- You **must** make sure your answers address:
 - Criterion 1 describe and apply economic terms, concepts, theories and ideas
 - Criterion 5 communicate economic ideas and information.

Marker Use	
C1	/ 45
C5	/ alpha

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Guide to Exam Structure

		Parts	Questions available	Questions to answer	Suggested working time	Marks available
Section A	Part 1		3	2	15 minutes	15 marks and A+ to z rating
	Part 2		3	2	15 minutes	15 marks and A+ to z rating
	Part 3		3	2	15 minutes	15 marks and A+ to z rating
Section B	Part 1		3	2	15 minutes	15 marks and A+ to z rating
	Part 2		3	2	15 minutes	15 marks and A+ to z rating
	Part 3		3	2	15 minutes	15 marks and A+ to z rating
Section C	Part 1		2	1	45 minutes	45 marks and A+ to z rating
	Part 2		2	1	45 minutes	45 marks and A+ to z rating
Total			22	14	180 minutes (3 hours)	180 + alpha

Part 1

- Answer **two (2)** questions from **Unit 1 – An Introduction to Economics**.
 - Write your answers in the spaces provided in this exam paper. You are encouraged to include **diagrams** where relevant.
 - It is suggested that you spend approximately **15 minutes** on this part.
 - This part assesses **Criteria 1** and **5**.
-

Unit 1 – An Introduction to Economics

Question 1

What is cost benefit analysis? Explain how cost benefit analysis assists in the allocation of scarce resources.

7.5 marks

Question 2

What is meant by market failure? Describe, with examples, **two (2)** ways in which markets may 'fail'.

7.5 marks

Question 3

What is an economic resource? Describe, with examples, **two (2)** such resources and the income stream that each generates.

7.5 marks

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Exam continues over the page

Part 2

- Answer **two (2)** questions from **Unit 2 – Economic Management**
 - Write your answers in the spaces provided in this exam paper. You are encouraged to include **diagrams** where relevant.
 - It is suggested that you spend approximately **15 minutes** on this part.
 - This part assesses **Criteria 1** and **5**.
-

Unit 2 – Economic Management

Question 4

Describe consumption expenditure and investment expenditure as components of aggregate demand. Explain **one (1)** factor that influences consumption expenditure and **one (1)** factor that influences investment expenditure.

7.5 marks

Question 5

Explain the government economic objectives of full employment and price stability.

7.5 marks

Question 6

Distinguish between fiscal (budgetary) and monetary policy.

7.5 marks

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Exam continues over the page

Part 3

- Answer **two (2)** questions from **Unit 3** – Australia and the Global Economy.
 - Write your answers in the spaces provided in this exam paper. You are encouraged to include **diagrams** where relevant.
 - It is suggested that you spend approximately **15 minutes** on this part.
 - This part assesses **Criteria 1** and **5**.
-

Unit 3 – Australia and the Global Economy

Question 7

Explain the meaning of ‘globalisation’ and describe **two (2)** aspects of the modern economic environment supporting globalisation.

7.5 marks

Question 8

Explain the meaning of “current account deficit” and how such a deficit comes about.

7.5 marks

Question 9

What is comparative advantage? Describe **one (1)** product where Australia is likely to have a comparative advantage.

7.5 marks

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End of Section A



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External Assessment 2022

ECONOMICS

ECN315116

Section **B**

Pages 28

Questions 9

Suggested working time: 45 minutes

Instructions:

- There are **three (3)** parts to this section.
- Answer **six (6)** questions in total, **two (2)** questions from each of the following:
 - **Part 1 – Unit 1** – An Introduction to Economics
 - **Part 2 – Unit 2** – Economic Management
 - **Part 3 – Unit 3** – Australia and the Global Economy.
- Answer **all** items within a question.
- Write your answers in the spaces provided in this exam paper. You are encouraged to include diagrams where relevant.
- Each question is worth 7.5 marks ($6 \times 7.5 = 45$ marks in total for **Section B**).
- The exam is **three (3)** hours in length. The suggested working time is provided in the instructions for each part.
- All answers must be written in **English**.
- You **must** make sure your answers address:
 - Criterion 2 apply economic models and mathematical techniques to analyse economic data and information
 - Criterion 5 communicate economic ideas and information.

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C2	/ 45
C5	/ alpha

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Guide to Exam Structure

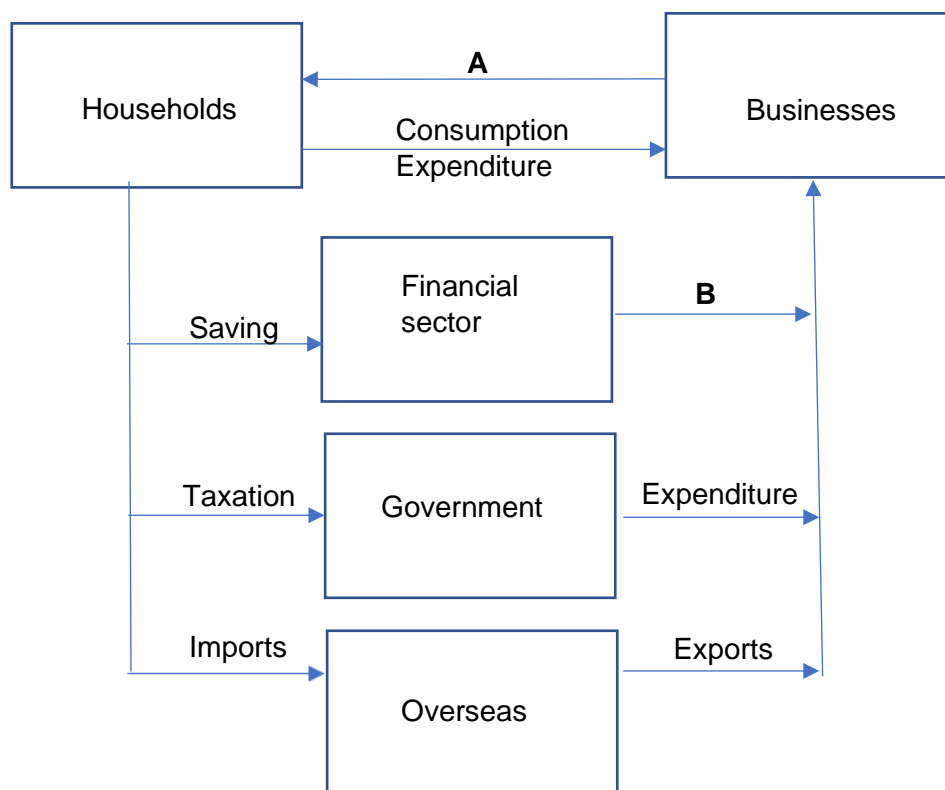
	Parts	Questions available	Questions to answer	Suggested working time	Marks available
Section A	Part 1	3	2	15 minutes	15 marks and A+ to z rating
	Part 2	3	2	15 minutes	15 marks and A+ to z rating
	Part 3	3	2	15 minutes	15 marks and A+ to z rating
Section B	Part 1	3	2	15 minutes	15 marks and A+ to z rating
	Part 2	3	2	15 minutes	15 marks and A+ to z rating
	Part 3	3	2	15 minutes	15 marks and A+ to z rating
Section C	Part 1	2	1	45 minutes	45 marks and A+ to z rating
	Part 2	2	1	45 minutes	45 marks and A+ to z rating
Total		22	14	180 minutes (3 hours)	180 + alpha

Part 1

- Answer **two (2)** questions from **Unit 1 – An Introduction to Economics**.
- Answer **all** items within a question.
- Write your answers in the spaces provided in this exam paper. You are encouraged to include **diagrams** where relevant.
- It is suggested that you spend approximately **15 minutes** on this part.
- This part assesses **Criteria 2 and 5**.

Unit 1 – An Introduction to Economics

Question 10



The above diagram represents the simplified circular flow of income in an open economy.

- What is the money flow represented by A?
- What is the money flow represented by B?
- Use this model to explain the likely effect of a significant increase in the number of overseas students enrolled in Australian universities.

7.5 marks

Question 10 continues

Question 10 continued

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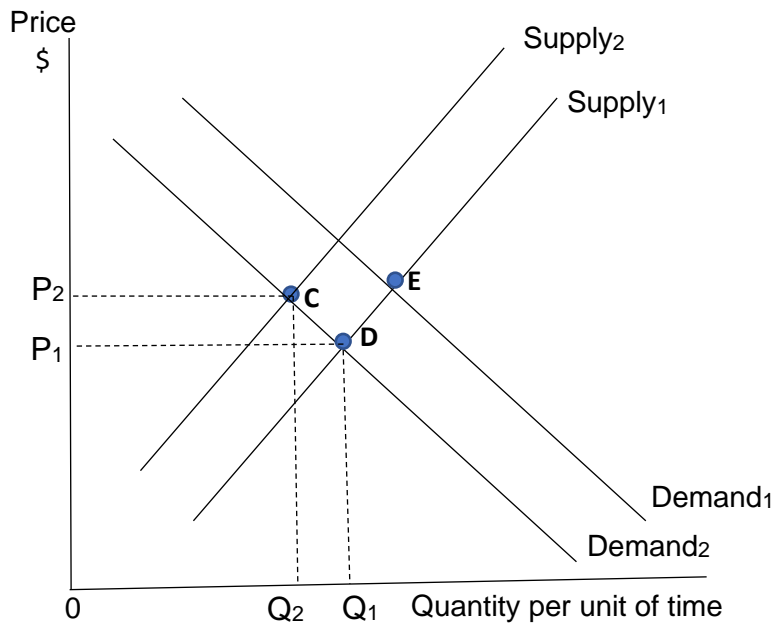
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Question 11

Supply and Demand for Wool



The above supply and demand curves relate to the market for wool – a competitive market.

- a) Provide an example of an event in the market that may result in a shift in equilibrium position from point E to point D.
- b) Provide an example of an event in the market that may result in a shift in equilibrium position from point D to point C.
- c) Explain how to calculate the change in total revenue from wool (if any) caused by the shift described in **b)** above.

7.5 marks

Question 11 continued

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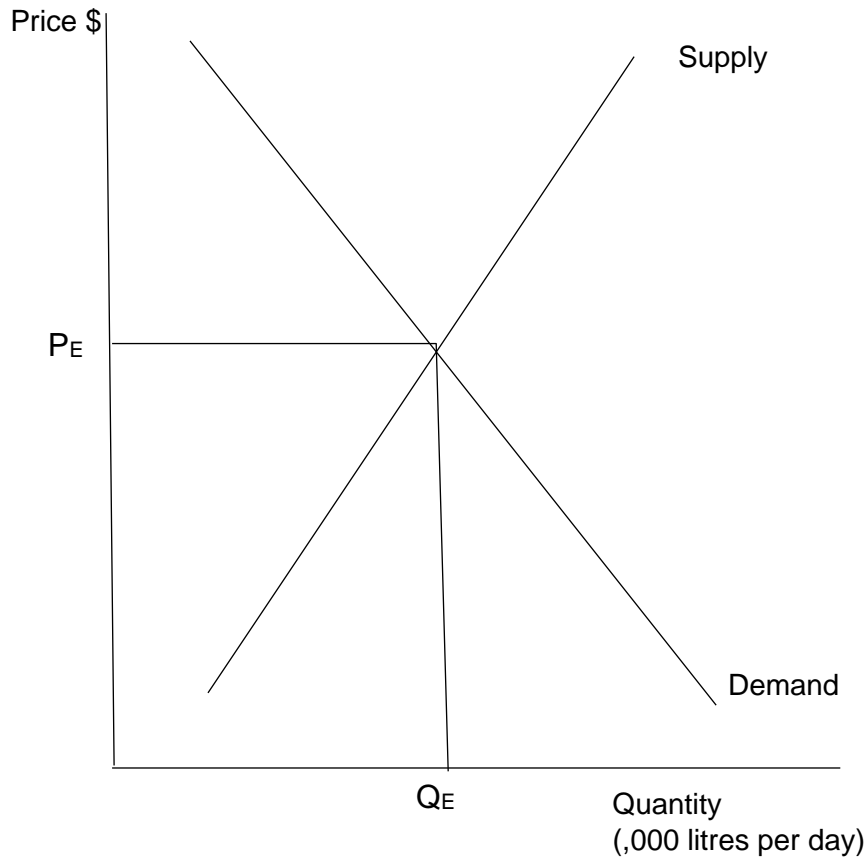
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Question 12

The Market for Fresh Milk



On the graphs provided on the following pages, show the effect upon equilibrium price and quantity of the following events in the market for fresh milk – a competitive market.

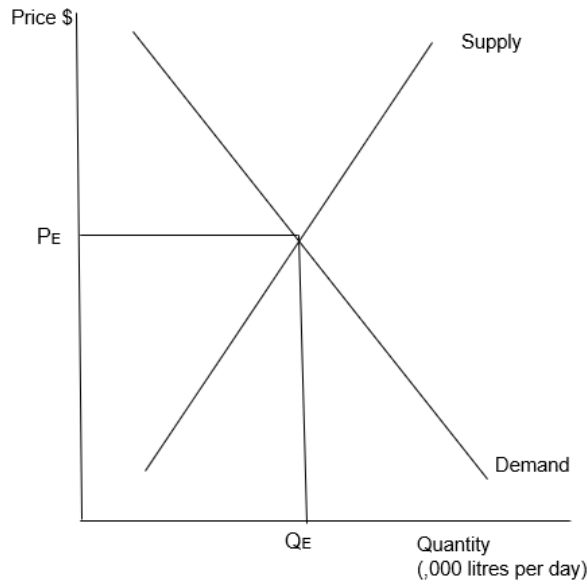
- a) A drought which adversely affects dairy farms.
- b) The price of UHT (long life) milk, a substitute for fresh milk, has decreased.
- c) Re-introduction of a program to supply free fresh milk to all primary schools.

7.5 marks

Question 12 continued

a) A drought which adversely affects dairy farms.

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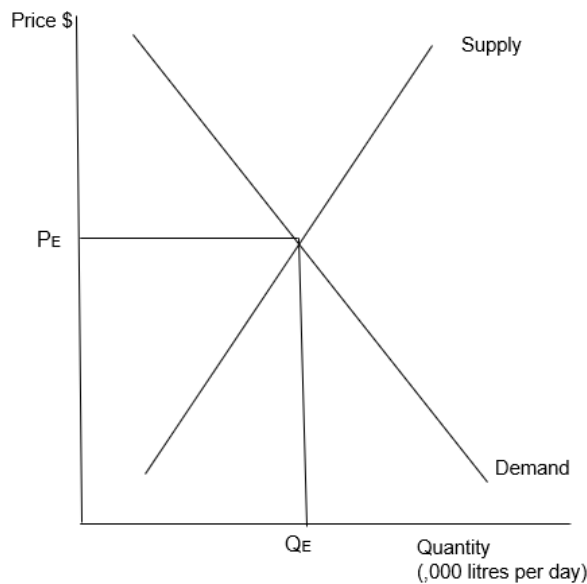
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b) The price of UHT (long life) milk, a substitute for fresh milk, has decreased.



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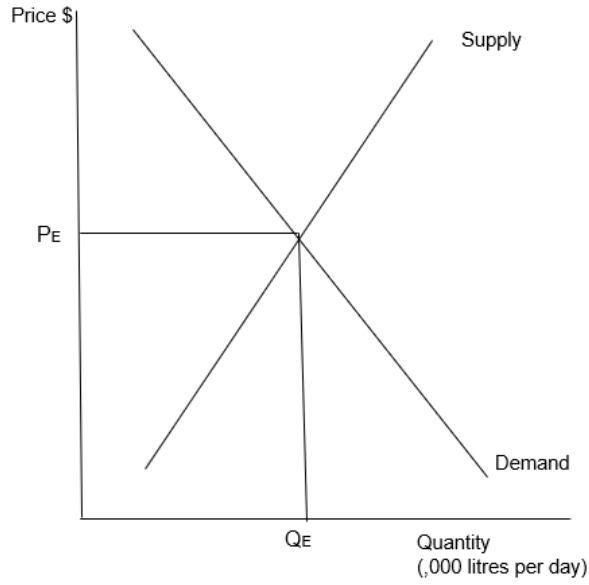
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Question 12 continues

Question 12 continued

c) Re-introduction of a program to supply free fresh milk to all primary schools.

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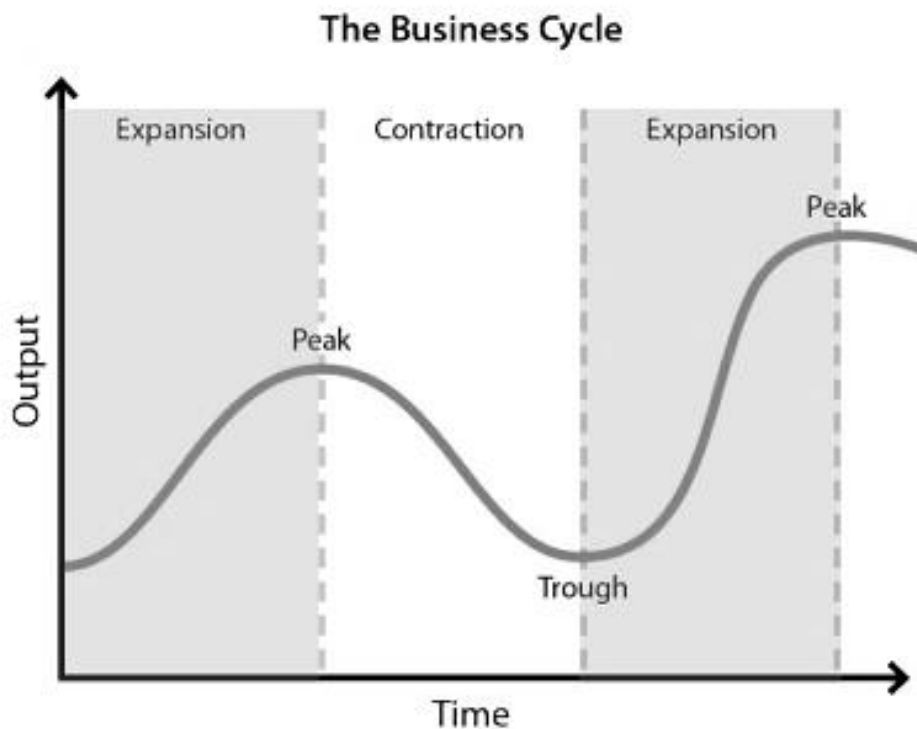
Exam continues over the page

Part 2

- Answer **two (2)** questions from **Unit 2** – Economic Management.
 - Answer **all** items within a question.
 - Write your answers in the spaces provided in this exam paper. You are encouraged to include **diagrams** where relevant.
 - It is suggested that you spend approximately **15 minutes** on this part.
 - This part assesses **Criteria 2** and **5**.
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Unit 2 – Economic Management

Question 13



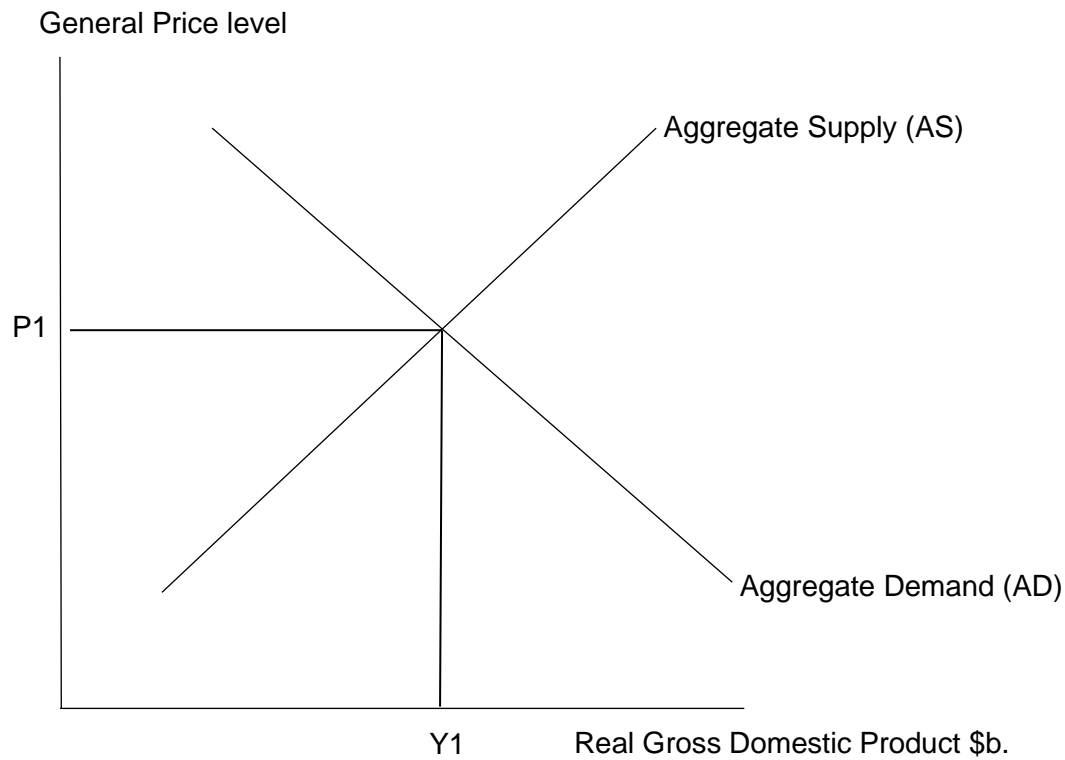
Source: RBA

The above diagram is a simplified representation of the business cycle.

- Identify and explain **two (2)** characteristics likely in an economy in the expansion phase.
- Briefly explain why monetary policy is sometimes called 'counter-cyclical' policy.

7.5 marks

Question 14



The above graph represents the aggregate demand (AD) and aggregate supply (AS) curves for a country. On the graphs provided on the following pages, show and explain the likely effect on the level of real GDP and the general price level in each of the following circumstances:

- the government reduces income tax rates on individuals.
- the Reserve Bank increases interest rates (via the cash rate).
- the government provides incentives for businesses to upgrade their technology.

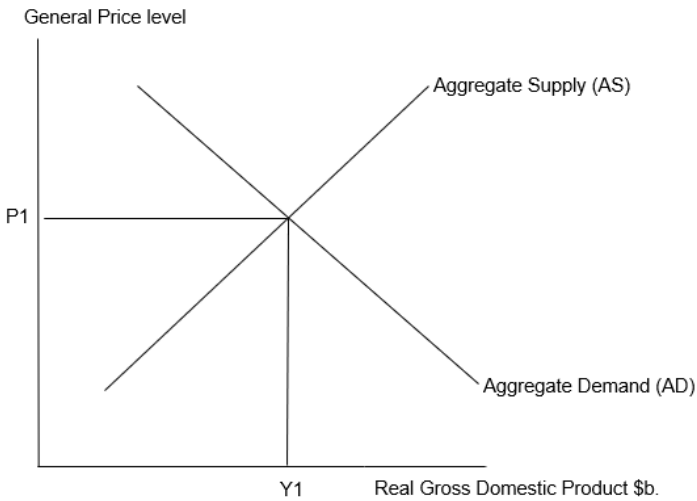
7.5 marks

Question 14 continues

Question 14 continued

a) the government reduces income tax rates on individuals.

Marker use



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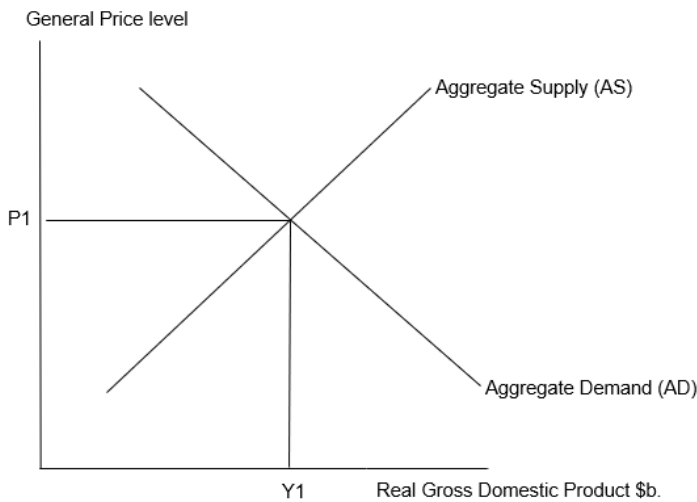
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b) the Reserve Bank increases interest rates (via the cash rate).



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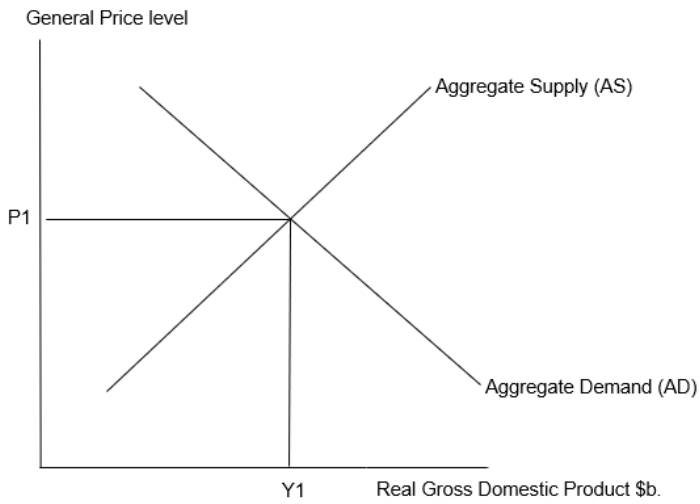
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Question 14 continues

Question 14 continued

c) the government provides incentives for businesses to upgrade their technology.

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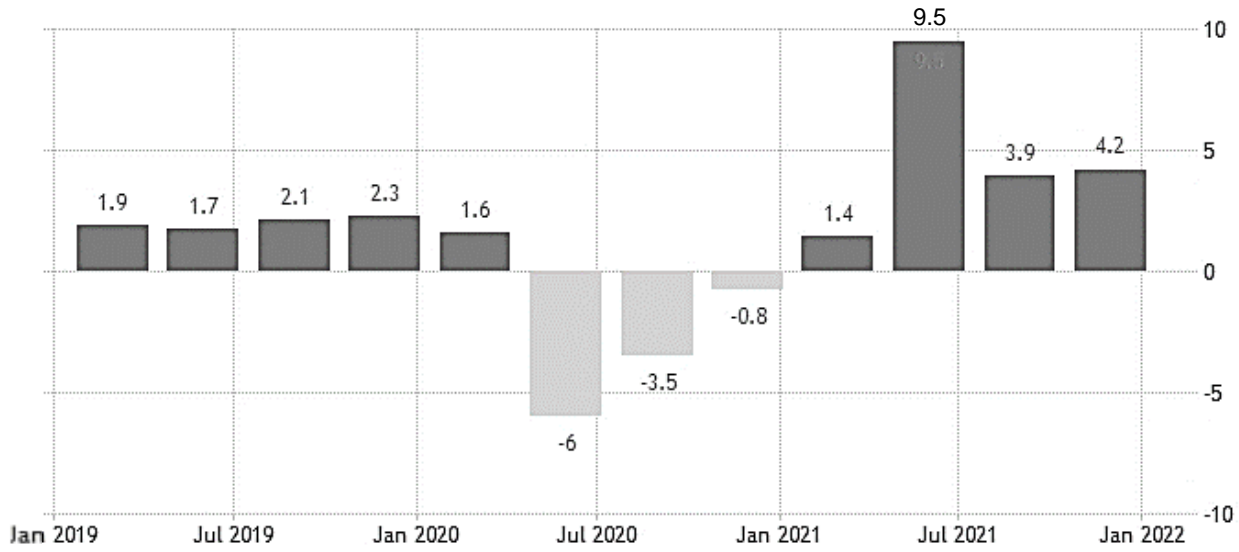
Part 2 continues

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Exam continues over the page

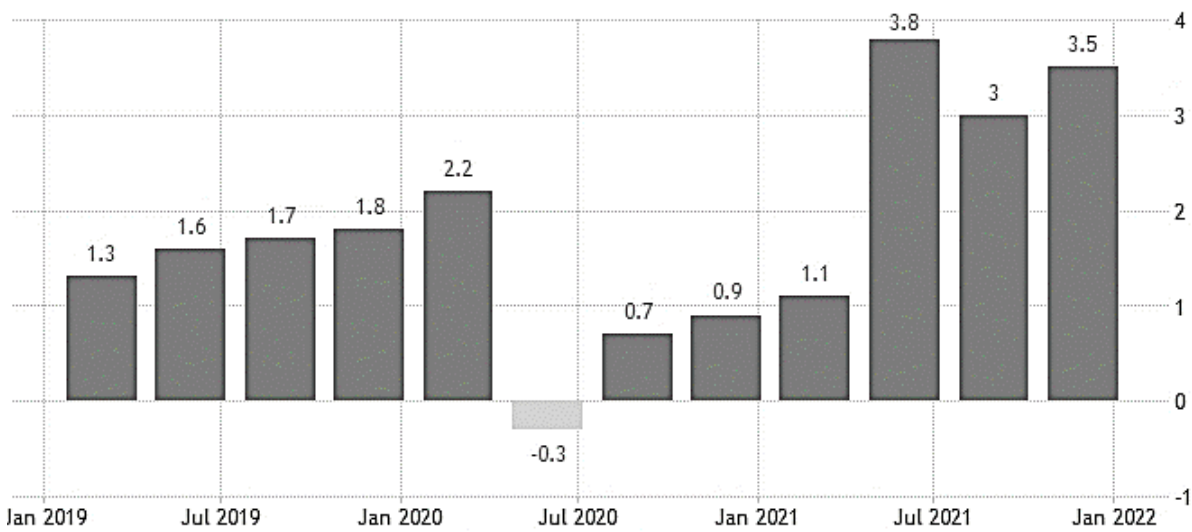
Question 15

Economic Growth (%), Australia



Tradingeconomics.com | Australian Bureau of Statistics

Inflation (%), Australia



Tradingeconomics.com | Australian Bureau of Statistics

The two charts above show the percentage (%) change in economic growth and inflation over the past three years in Australia.

Explain the likely link between growth and inflation evidenced in these charts.

7.5 marks

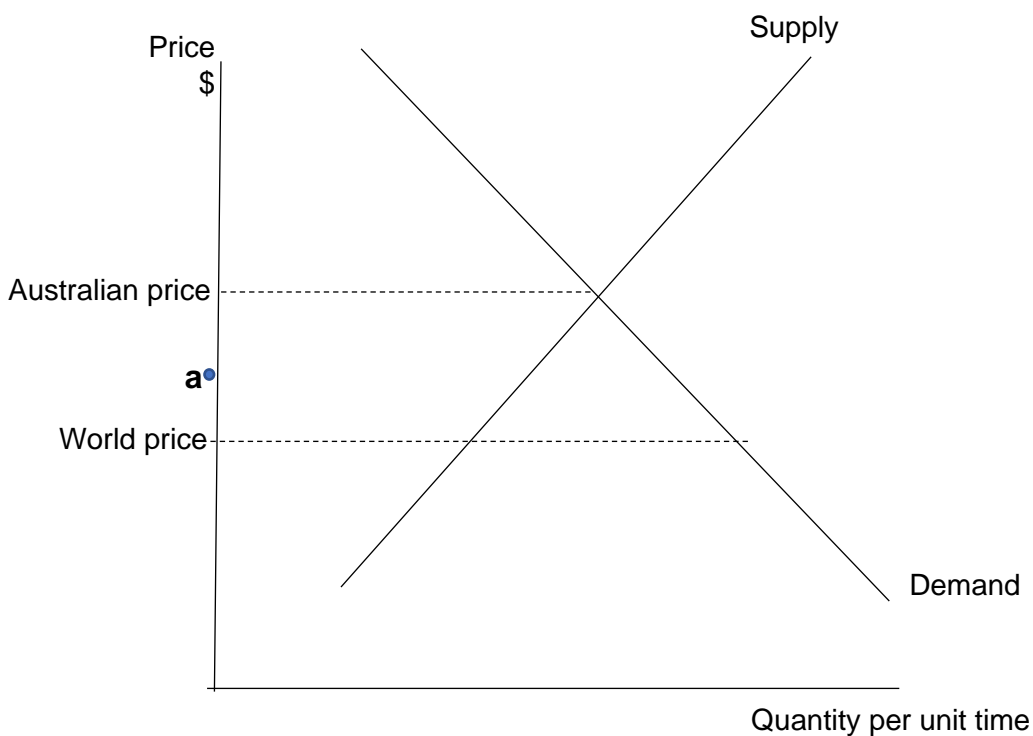
Question 15 continues

Part 3

- Answer **two (2)** questions from **Unit 3** – Australia and the Global Economy.
- Answer **all** items within a question.
- Write your answers in the spaces provided in this exam paper. You are encouraged to include **diagrams** where relevant.
- It is suggested that you spend approximately **15 minutes** on this part.
- This part assesses **Criteria 2** and **5**.

Unit 3 – Australia and the Global Economy

Question 16



The diagram represents the Australian market for a commodity where, without trade, the world price is lower than the Australian equilibrium price.

- Explain and show on the graph the quantity supplied by domestic producers and the quantity that will be supplied by overseas producers if there is free trade.
- Explain and show on the graph the quantities supplied if there is a tariff applied which increases the price to Australian consumers of imported product to the point **a**.
- Explain how your analysis would change if a subsidy is given to domestic producers per unit of production rather than a tariff applied.

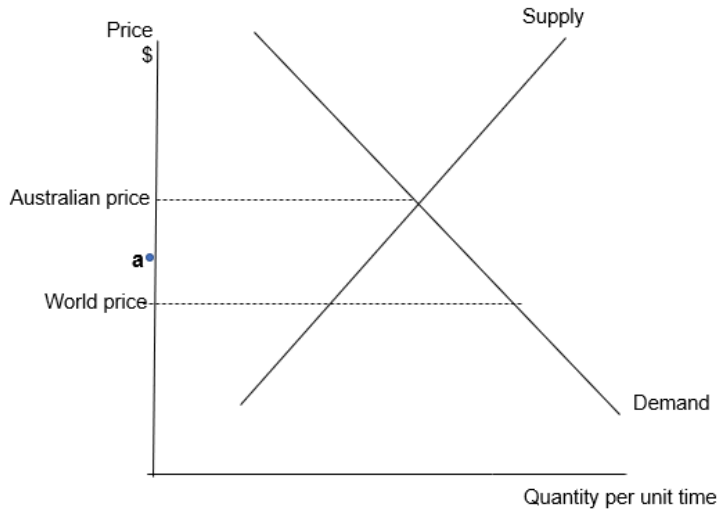
7.5 marks

Question 16 continues

Question 16 continued

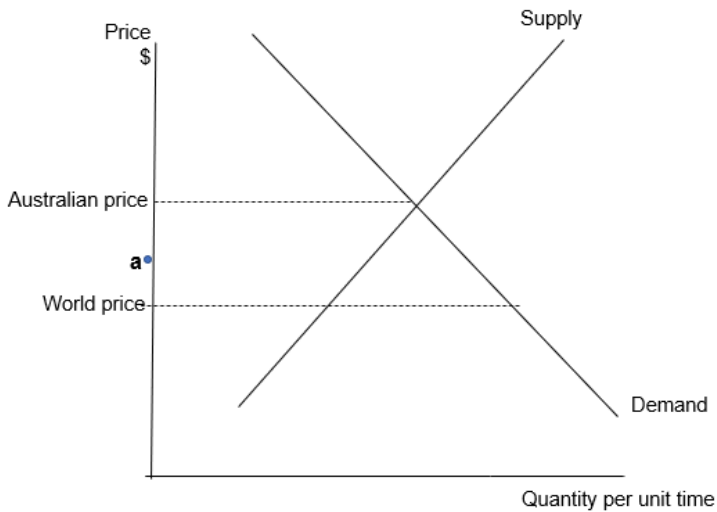
a) Explain and show on the graph the quantity supplied by domestic producers and the quantity that will be supplied by overseas producers if there is free trade.

Marker use



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b) Explain and show on the graph the quantities supplied if there is a tariff applied which increases the price to Australian consumers of imported product to the point a.



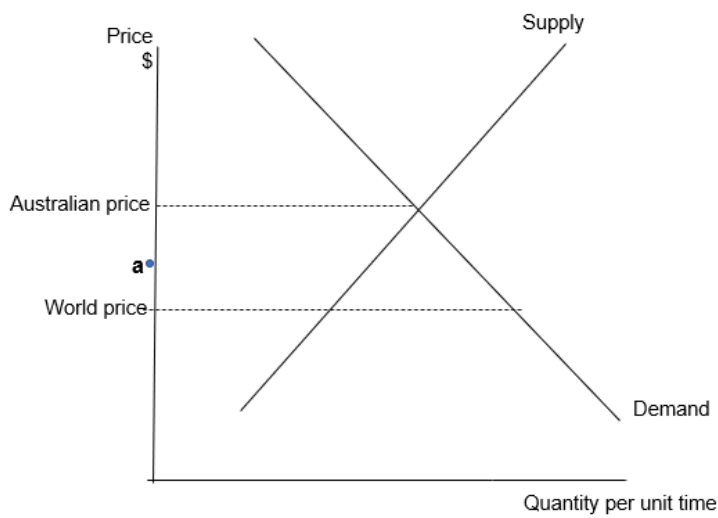
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Question 16 continues

Question 16 continued

c) Explain how your analysis would change if a subsidy is given to domestic producers per unit of production rather than a tariff.

Marker use



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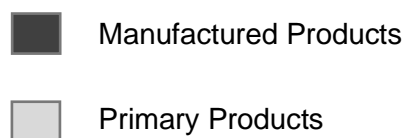
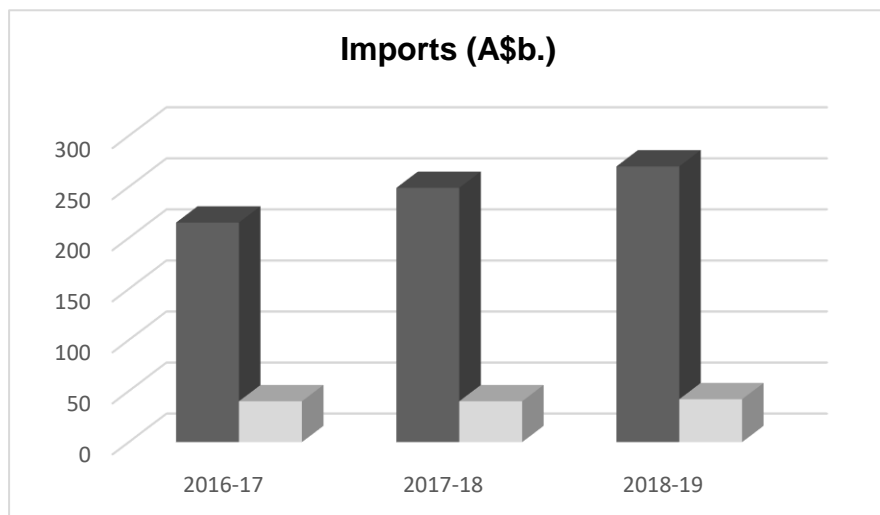
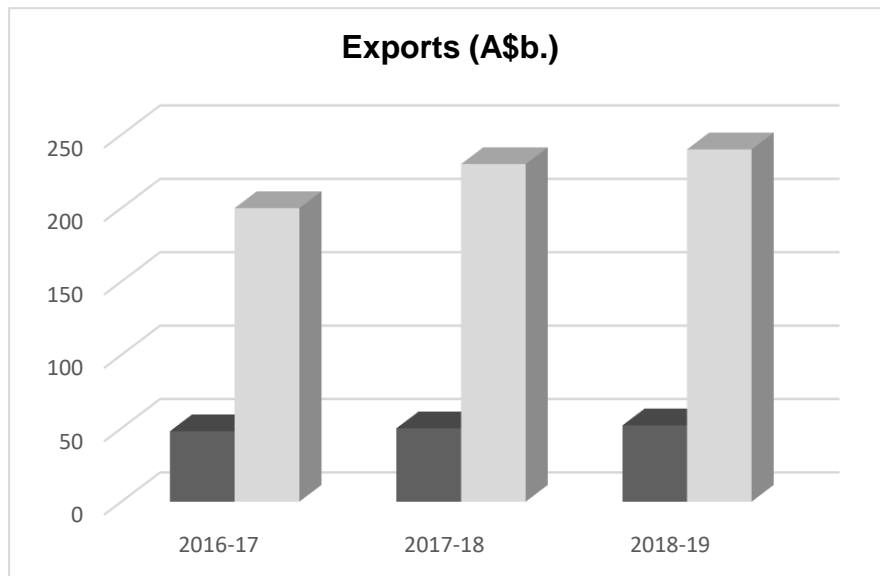
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Part 3 continues

Part 3 continued

Question 17



Source: Adapted from DFAT APEC STAR database

Refer to the bar charts above and:

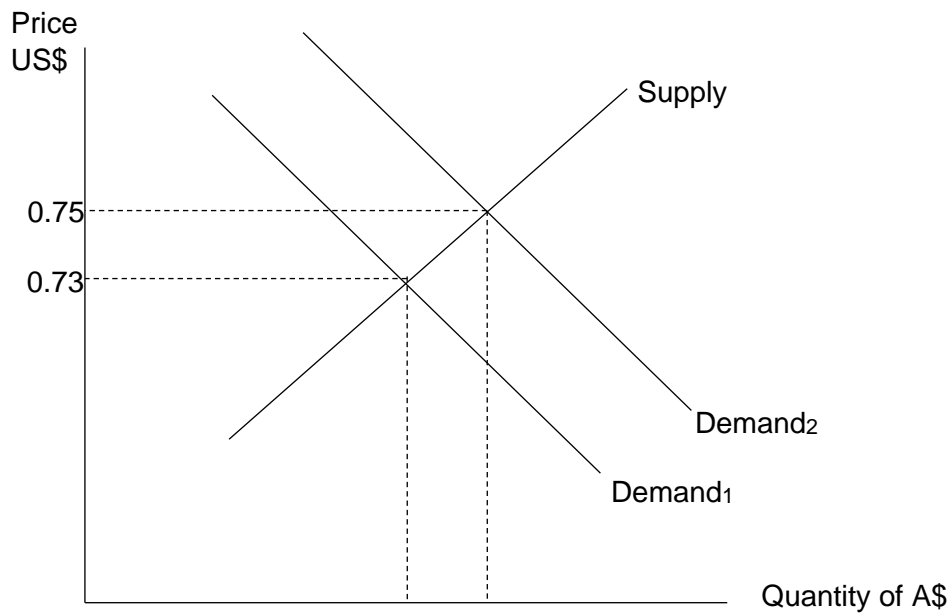
- a) Comment on the difference between the nature of Australian imports and the nature of Australian exports.
- b) Discuss **two (2)** implications of the difference for the broader economy.

7.5 marks

Question 17 continues

Question 18

Foreign Exchange Market for the Australian Dollar



The diagram above relates to the supply and demand of the Australian dollar (A\$) in terms of the United States dollar (US\$). It shows an appreciation of the A\$ against the US\$.

- a) Explain **two (2)** events that would cause this appreciation to occur.
- b) Identify **one (1)** positive outcome for the Australian economy of such an appreciation.

7.5 marks

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End of Section B



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External Assessment 2022

ECONOMICS

ECN315116

Section **C**

Pages	12
Questions	4
Answer Booklets	2

Suggested working time: 90 minutes

Instructions:

- There are **two (2)** parts to this section.
- Answer **two (2)** questions in total:
 - **Part 1** – Answer **one (1)** question from Part 1, **either** Question 19 **or** 20
 - **Part 2** – Answer **one (1)** question from Part 2, **either** Question 21 **or** 22.
- Answer **all** items within a question.
- Write your answers to each question in **two (2) separate answer booklets**. You are encouraged to include diagrams where relevant.
- Each question is worth 45 marks (2 x 45 = 90 marks in total for **Section C**).
- The exam is **three (3)** hours in length. The suggested working time is provided in the instructions for each part.
- All answers must be written in **English**.
- You **must** make sure your answers address:
 - Criterion 3 describe and analyse problems arising from economic issues and events
 - Criterion 4 describe and analyse economic solutions and make recommendations for future economic action
 - Criterion 5 communicate economic ideas and information.

Marker Use		
Q 19 or 20	Q 21 Or 22	
C3	C3	45
C4	C4	45
C5	C5	alpha

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Guide to Exam Structure

	Parts	Questions available	Questions to answer	Suggested working time	Marks available
Section A	Part 1	3	2	15 minutes	15 marks and A+ to z rating
	Part 2	3	2	15 minutes	15 marks and A+ to z rating
	Part 3	3	2	15 minutes	15 marks and A+ to z rating
Section B	Part 1	3	2	15 minutes	15 marks and A+ to z rating
	Part 2	3	2	15 minutes	15 marks and A+ to z rating
	Part 3	3	2	15 minutes	15 marks and A+ to z rating
Section C	Part 1	2	1	45 minutes	45 marks and A+ to z rating
	Part 2	2	1	45 minutes	45 marks and A+ to z rating
Total		22	14	180 minutes (3 hours)	180 + alpha

Part 1

- Answer **one (1)** question **either** Question 19 **or** 20.
- Answer **all** items within a question.
- Write your answers in a **separate answer booklet**. You are encouraged to include **diagrams** where relevant.
- It is suggested that you spend approximately **45 minutes** on this part.
- This part assesses **Criteria 3, 4 and 5**.
- You are expected to use the stimulus material **and** the economics you have studied this year in your answers.

Question 19 Stimulus

“Today, the Board decided to increase the cash rate target by 25 basis points to 35 basis points.”

With these words from Phillip Lowe, Governor of the Reserve Bank of Australia (RBA), on May 3, 2022, the period of a 0.1% cash rate came to an end.

He provided, amongst other reasons, the following:

- Australia was currently experiencing low unemployment and expectation of strong economic growth this year, and
- Inflation has picked up more quickly and to a greater extent than expected.

A massive fiscal intervention by the Australian government, totalling some \$291 billion by May 1, 2021, has supported such a level of demand for goods and services that the economy is returning to normal functioning more quickly than anticipated.

Combined with the incentive to borrow provided by the low cost of borrowing, demand for goods and services has been maintained.

Supply chain disruptions, as an outcome of actions taken to control COVID-19, have resulted in product shortages and a consequent bidding up of prices of consumer goods.

Disruption in supply of many products, in particular oil and gas and agricultural commodities, have also put upward pressure on Australian prices, which have increased in response to elevated input costs.

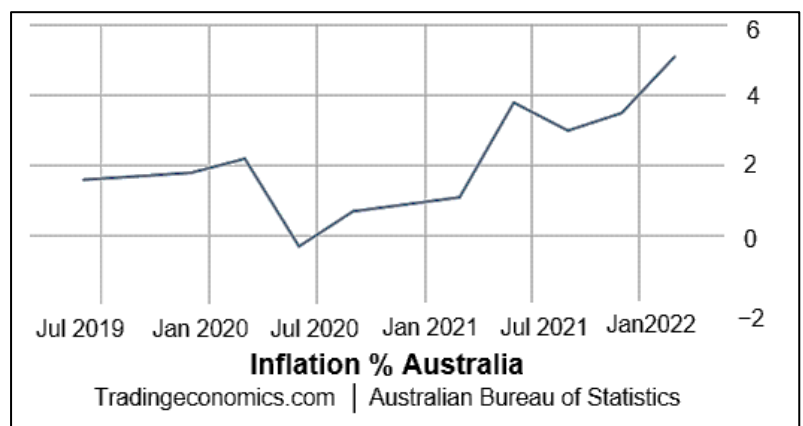
Another price pressure has arisen through a shortage of labour, especially skilled labour, brought about through international borders closing and various rules, applied by the States regarding periods of quarantine for those contracting COVID.

So, inflation has bolted to 5.1% for the March quarter.

This value is significantly outside the 2-3% band deemed acceptable by the RBA.

Over recent years, the Board has placed considerable emphasis on trends in growth in labour costs when making its decisions. This is because, over the medium term, there is a strong link between the inflation rate and the rate of growth of labour costs.

There is some evidence that wages have now commenced to increase in response to the labour shortage.



Question 19 continues

Question 19 continued

These items assess **Criterion 3 and 5**

- a) The stimulus identifies **three (3)** factors that contribute to inflation: the fiscal intervention by government, elevated input costs and low cost of borrowing. Explain how each of these factors can contribute to inflation.
- 10 marks
- b) What economic problems arise from a level of inflation which is persistently above the RBA's acceptable level?
- 8 marks
- c) Analyse the impacts of inflation on Australian citizens receiving social welfare payments.
- 4.5 marks

These items assess **Criterion 4 and 5**

- d) The stimulus identifies the RBA control over the cash rate as the tool with which it can slow demand. Explain the transmission mechanism by which such interest rate increases impact upon excess demand in the economy.
- 10 marks
- e) The government can also address cost-based inflation through a range of measures aimed at increasing efficiency in production, generically termed 'micro economic reform' or 'supply side policy'. Explain how micro economic reform differs in its impact to that of interest rate manipulation by the RBA.
- 8 marks
- f) Analyse the social justice implications of increasing interest rates to address inflation.
- 4.5 marks

Part 1 continued

Question 20 Stimulus

Australia fell into recession in 2020 as a consequence of the coronavirus pandemic. Economic growth had turned negative for two successive quarters.

Desperate to avoid the negative social and economic consequences of large-scale unemployment the government pumped billions into a wage subsidy program (named “Jobkeeper”) that supported businesses in holding on to their employees despite, in many cases, a catastrophic loss in demand for their product.

The Reserve Bank of Australia (RBA) reacted to the situation by reducing the cash rate target in stages, finally arriving at 0.1% on November 3, 2020.

Both the government and the RBA were intent upon maintaining employment in the face of a rapid decline in aggregate demand.

GDP fell by 7% in the June quarter of 2020 alone.



While the employment situation has recovered, and in fact unemployment is at historic low of 4% in May 2022, there remains an issue.

The young are still over represented in the unemployment figures – agricultural picking jobs they won't do; skilled jobs they can't do.

The situation is improving – down to 8.3% unemployed in March 2022 – but still high, regardless.

Assistant Minister for Youth and Employment Services, the Hon Luke Howarth MP (Liberal National Party), said the positive December figures were the result of the hard work of Australia's young people, who would continue to be supported by record Australian Government investment in education, jobs and training.

“Our plan for 2022 is to push forward with measures targeted at giving young people the skills and opportunities they need to make the most of a strong labour market, as part of our Youth Policy Framework.”

The Youth Policy Framework maps out the Australian Government's focus on the wellbeing of young people now and into the future, benefitting from investments such as \$7.1 billion in vocational education and training and \$20 billion in higher education this financial year alone.

Making help available to young people also includes measures like the \$1.2 billion over four years for the Transition to Work program, which helps disadvantaged young people develop practical skills to find local job opportunities, connect with local community services and education and training.”

Source: Ministers of the Education, Skills and Employment Portfolio, Media Release, 2022.

Question 20 continues

Question 20 continued

These items assess **Criterion 3 and 5**

- a) Describe the negative social and economic consequences of large-scale unemployment that the government was desperate to avoid. 10 marks
- b) Discuss the challenges of achieving both low unemployment and price stability. 8 marks
- c) Outline the particular problems confronted by young Australians in obtaining employment. 4.5 marks

These items assess **Criterion 4 and 5**

- d) Explain the mechanism by which each of the following worked to address the problems of unemployment:
- i. the fiscal (budgetary) policy response of Jobkeeper, and
 - ii. the monetary policy response by the RBA
- 10 marks
- e) Evaluate the impacts (costs and benefits) on individuals, businesses and government of the fiscal (budgetary) measures mentioned in the stimulus. 8 marks
- f) Explain why the Youth Policy Framework can be regarded as micro-economic reform. 4.5 marks

Part 2

- Answer **one (1)** question **either** Question 21 **or** 22.
- Answer **all** items within a question.
- Write your answers in a **separate answer booklet**. You are encouraged to include **diagrams** where relevant.
- It is suggested that you spend approximately **45 minutes** on this part.
- This part assesses **Criteria 3, 4 and 5**.
- You are expected to use the stimulus material **and** the economics you have studied this year in your answers.

Question 21 Stimulus

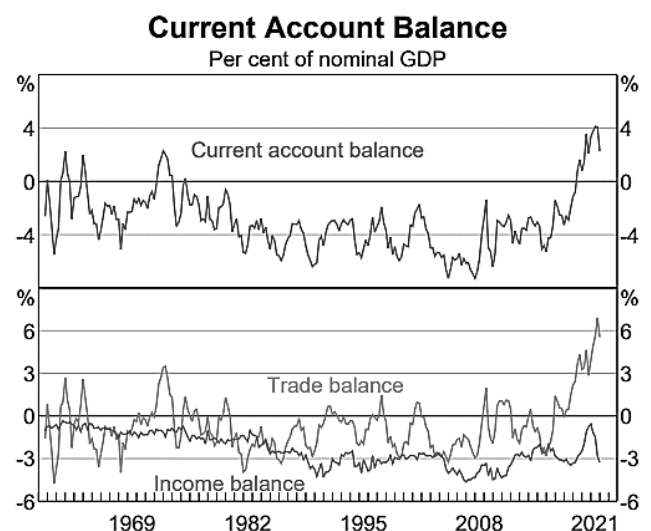
The significant shift in Australia's Balance of Payments

In recent years Australia has seen a large shift in its external accounts. In contrast to long running deficits, the current account balance has now been in surplus for over two years, supported by record trade surpluses.

Over the four decades from the early 1980s, Australia ran current account deficits equivalent to around 4 per cent of nominal GDP. This was largely due to a surplus of attractive investment opportunities, in excess of Australia's capacity, to fund those via domestic savings, and so funding was sourced from overseas to cover this 'investment gap'.

The relatively high level of investment in Australia over this period was associated with the investment phase of the mining boom, which attracted foreign capital.

Australia's current account balance shifted into surplus in mid-2019 for the first time since the 1970s.



This shift in the trade balance was primarily driven by the end of the mining boom – specifically the move from the investment phase to the production phase. The relative price of exports also rose over that time.

Since Australia's foreign liabilities are larger than foreign assets, Australia's payments are larger than its income received. Accordingly, Australia has a net income deficit.

After the onset of the pandemic, the net income deficit narrowed further as Australian companies implemented dividend freezes and income outflows declined. However (the) income deficit has widened once more as dividend payments resumed.

Unlike in the past, Australia's economy now generates savings in excess of domestic investment, and the current account is in surplus. As a result of saving exceeding domestic investment, Australia is now a net lender to the rest of the world.

NOTE: Reference to the net income balance refers to the combined effect of the net primary income and net secondary income balances.

Source: Nicole Adams and Tim Atkin. (2022). *The Significant Shift in Australia's Balance of Payments*. Reserve Bank of Australia.

Question 21 continues

Question 21 continued

These items assess **Criterion 3 and 5**

- a)
- i. Explain the contribution of the mining boom to Australia's long term current account deficit, and in particular to the net income balance and the trade balance.
 - ii. Analyse the change that occurred more recently to bring about the positive trade balance.
- 10 marks
- b) Explain how an investment gap arises, and what issues arise from such a gap.
- 8 marks
- c) The stimulus is concerned with financial aspects of foreign investment in the Australian mining industry, however there are also non-financial considerations.
- Identify **one (1)** non-financial cost and **one (1)** non-financial benefit derived from foreign direct investment in mining in Australia.
- 4.5 marks

These items assess **Criterion 4 and 5**

- d) There is a school of thought that a net primary income deficit in the balance of payments is not to be concerned about and may be advantageous to the economy. Explain this point of view.
- 10 marks
- e) Outline the impacts of foreign investment and foreign debt upon Australian businesses and individuals.
- 8 marks
- f) Evaluate whether Australia becoming a 'net lender to the rest of the world' is a positive or a negative sign for the Australian economy.
- 4.5 marks

Part 2 continues

Part 2 continued

Question 22 Stimulus

Trade liberalisation (free trade movement) has been a feature of Australian economic policy since the 1970s.

During this time, Australia has engaged in bilateral and multilateral agreements with trading partners, and also taken unilateral action to reduce barriers to trade.

Australian governments have been active in striking bilateral Free Trade Agreements (FTAs) recently as the trade relationship with China has soured. Agreement has been made with the UK in December 2021 and a preliminary agreement with India in April 2022.

These agreements typically involve a reduction in tariffs and revised quotas and negotiation of various other arrangements.

For example, the Australia–UK FTA states that:

- Around \$43 million in tariffs will be removed from Australian wine when the agreement commences.
- For beef, a tariff-free quota of 35,000 tonnes at entry will expand to 110,000 tonnes in year 10. Tariffs on beef will be eliminated after ten years.

In addition to tariff reductions the agreements often include provisions for other arrangements such as opening work opportunities (UK) and study opportunities (India). They also address “behind the border” barriers such as biological controls, health requirements, and product safety standards.

In negotiating agreements Australia must, of course, give as well as take. So, our producers who were protected to some degree by a tariff may well lose that protection if their product is the target of the agreement.

For example, from the India-Australia Economic Co-operation and Trade Agreement Australia will remove remaining tariffs on textiles and apparel, leather and footwear.

There are arguments for protection and against FTAs. Examples include: the necessity for tariffs to protect employment in Australian businesses; or to ensure that strategic industries continue to exist in Australia (more strident a view now given the political situation in the Pacific). Subsidies also provide a targeted approach to supporting domestic producers.

There is also a point of view against FTAs themselves. This point of view is that the increased efficiency required of Australian businesses, if they are to successfully compete on world markets, is sufficient reason for tariffs on imports into Australia to be removed entirely. There is no need for such removal to be associated with a more complex FTA. Australia has partly moved in this direction by its phased tariff reduction policy.

Also, it has been argued that such agreements may be primarily driven by diplomatic concerns, seeking to form or strengthen alliances, rather than trade concerns.

Question 22 continues

Question 22 continued

These items assess **Criterion 3 and 5**

a) FTAs are one instrument through which trade liberalisation is progressed.
Identify and explain:

- i. what FTAs are, and what are they intended to achieve?
- ii. what problems are addressed by FTAs?

10 marks

- b)
- i. What problems might the FTAs themselves pose for the Australian economy in general?
 - ii. Evaluate the impacts (costs and benefits) of FTAs on one of the following:
 - individuals
 - businesses
 - government.

8 marks

c) Explain the implications of trade liberalisation in terms of social justice and environmental concerns.

4.5 marks

These items assess **Criterion 4 and 5**

d) Explain why a **consumer** of goods in Australia may have a different opinion of FTAs than a **producer** of goods in Australia.

10 marks

e) How does the Australian economy benefit from trade liberalisation in:

- i. the short term, and
- ii. the long term?

8 marks

f) On balance, would you support the removal of trade barriers on all products? Briefly justify your answer.

4.5 marks

End of Section C



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