

External Assessment 2023

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:
 - **Part 1 – Unit 1** – Answer **two (2)** questions from this part
 - **Part 2 – Unit 2** – Answer **two (2)** questions from this part
 - **Part 3 – Unit 3** – Answer **two (2)** questions from this part.
- 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 the listed criteria.

Marker use	
C1	/ 45
C5	/ Alpha

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
Totals			22	14	180 minutes (3 hours)	180 and A+ to z rating

Criteria

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.

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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.
 - This part is worth 15 marks and it is suggested that you spend **approximately 15 minutes** on this part.
 - This part assesses **Criterion 1** and **Criterion 5**.
-

Unit 1 – An Introduction to Economics

Question 1

What is cost-benefit analysis? Explain, using **one (1)** example, how it is used in economic analysis and decision-making. (7.5 marks)

Question 2

Explain the differences between a mixed market economy and a planned economy in terms of addressing questions of what to produce and how to produce. (7.5 marks)

Question 3

Explain market failure using income inequality and positive externalities to illustrate this. (7.5 marks)

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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.
 - This part is worth 15 marks and it is suggested that you spend **approximately 15 minutes** on this part.
 - This part assesses **Criterion 1** and **Criterion 5**.
-

Unit 2 – Economic Management

Question 4

What is sustainable economic growth? Describe **two (2)** limitations of gross domestic product as a measure of general welfare. (7.5 marks)

Question 5

What is inflation? Differentiate between demand-pull and cost-push inflation, using an example of each. (7.5 marks)

Question 6

Differentiate between microeconomic policy and macroeconomic policy. Provide an example of each and explain their purpose. (7.5 marks)

Exam continues over the page

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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.
 - This part is worth 15 marks and it is suggested that you spend **approximately 15 minutes** on this part.
 - This part assesses **Criterion 1** and **Criterion 5**.
-

Unit 3 – Australia and the Global Economy

Question 7

What is the Balance of Payments as it applies to Australia? What is the relationship between the two (2) main components of the Balance of Payments? (7.5 marks)

Question 8

Australia has a 'floating' exchange rate. Explain the meaning of a floating exchange rate. Outline **one (1)** factor which may cause an appreciation in the Australian dollar and **one (1)** factor which may cause a depreciation in the Australian dollar. (7.5 marks)

Question 9

Outline the current composition of Australia's major exports and the direction of our export market. Explain **two (2)** advantages of trade to the Australian economy. (7.5 marks)

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External Assessment 2023

ECONOMICS

ECN315116

Section **B**

Pages: 32

Questions: 9

Suggested working time: 45 minutes

Instructions:

- There are **three (3) parts** to this section:
 - Part 1 – Unit 1** – Answer **two (2)** questions from this part
 - Part 2 – Unit 2** – Answer **two (2)** questions from this part
 - Part 3 – Unit 3** – Answer **two (2)** questions from this part.
- 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 the listed criteria.

Marker use	
C2	/ 45
C5	/ Alpha

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
Totals			22	14	180 minutes (3 hours)	180 and A+ to z rating

Criteria

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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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.
 - This part is worth 15 marks and it is suggested that you spend **approximately 15 minutes** on this part.
 - This part assesses **Criterion 2** and **Criterion 5**.
-

Unit 1 – An Introduction to Economics

Question 10

Maximum Production possibility points	A	B	C	D	E	F	G	H
Consumption Goods (000s)	0	50	100	150	200	250	300	350
Capital Goods	240	210	180	150	120	90	60	0

Table 1

- Using the data in Table 1, plot the production possibilities frontier for Economy X.
- Calculate the opportunity cost for Economy X in moving Production from Point C to Point D. How might the impact of this trade-off impact on future growth?
- Economy X decides to produce a combination of 50,000 Consumption Goods and 180 Capital Goods. Mark this production point on your diagram in Figure 1. Why might they choose to produce at this point?

(7.5 marks)

Question 10 continues

a)

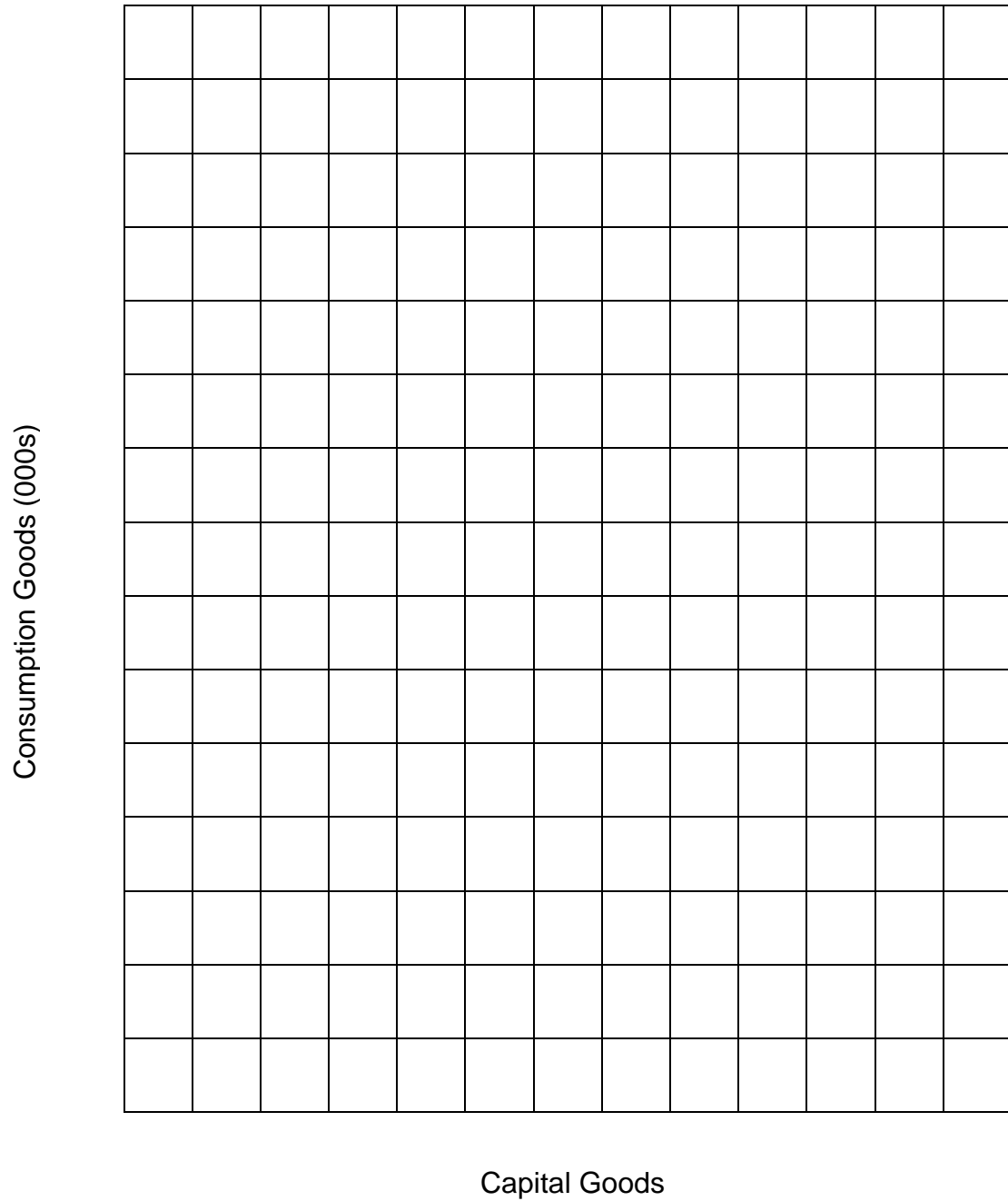


Figure 1: Production Possibility Frontier – Economy X.

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Question 11

Figure 2 shows the long-term rental market in Tasmania.

Using the diagrams provided, illustrate and explain the impact on the market of the following events.

- A preference for owners/landlords to place their investment property on the short-term rental market in preference to the long-term market to improve their return.
- Given concern about affordability of rental properties, the government have placed a price ceiling on rental prices which is below equilibrium.

(7.5 marks)

Long-term rental market in Tasmania

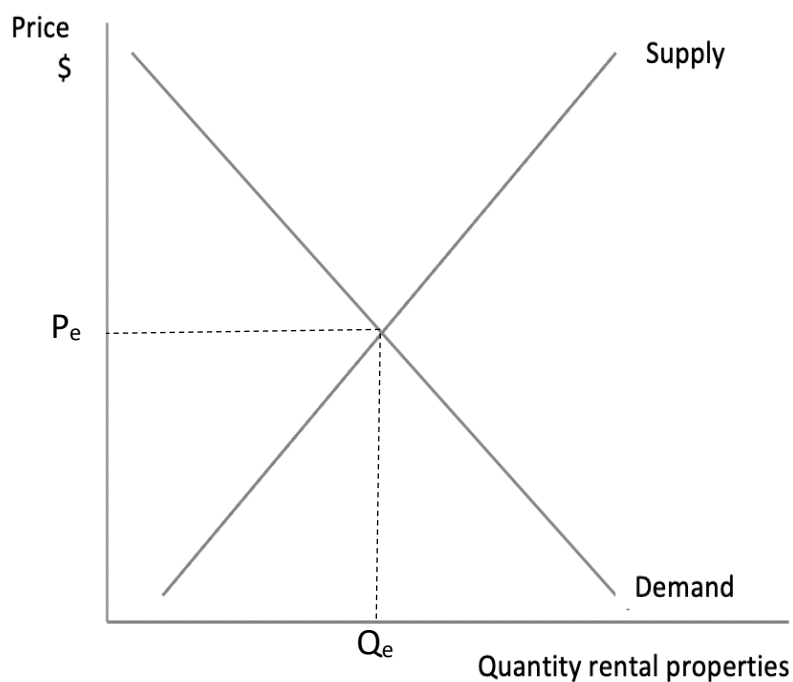


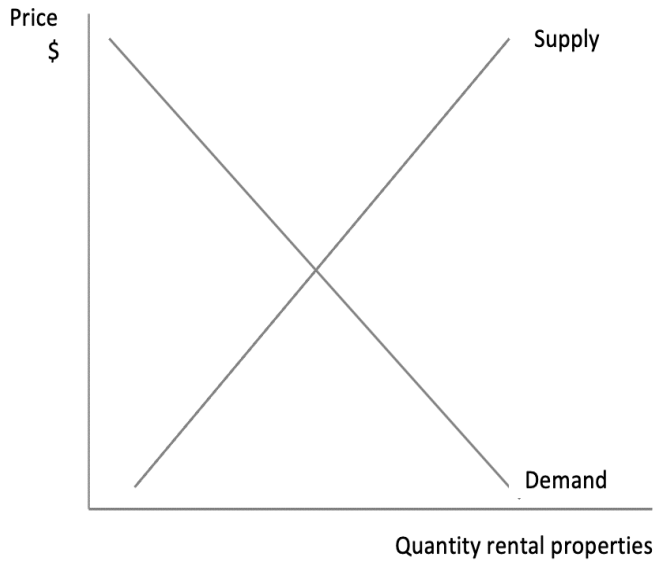
Figure 2: Diagram of the long-term rental market in Tasmania.

Question 11 continues

Question 11 continued

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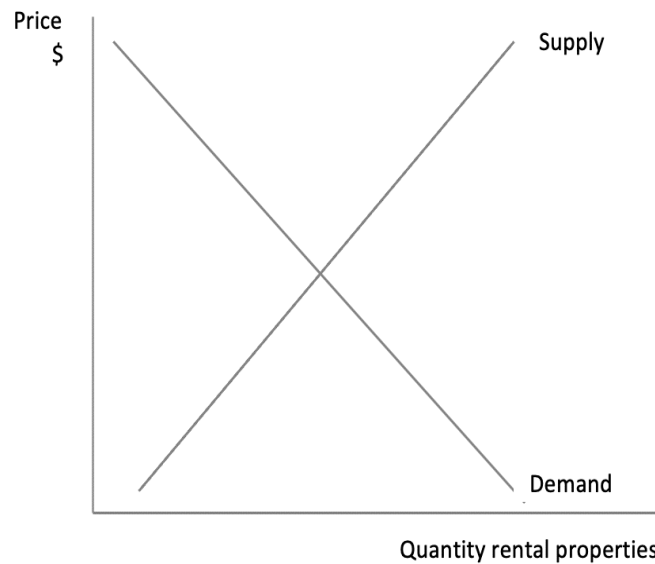
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Question 12

Table 2 shows changes in quantity demanded for electric vehicles over a range of prices in Australia in 2022.

Price \$	40,000	60,000	80,000	100,000	120,000	140,000
Quantity Demanded	5,000	4,600	4,000	3,200	2,200	800

Table 2

- a) Describe the price elasticity of demand (i.e., whether demand is price elastic or price inelastic) when price changes from:
- \$40,000 to \$60,000 and
 - \$100,000 to \$120,000.
- b) Using Figure 3 provided, illustrate and explain the impact on the market for electric vehicles if the government announces an increase in the tax on petrol.

(7.5 marks)

Market for Electric Vehicles – Australia

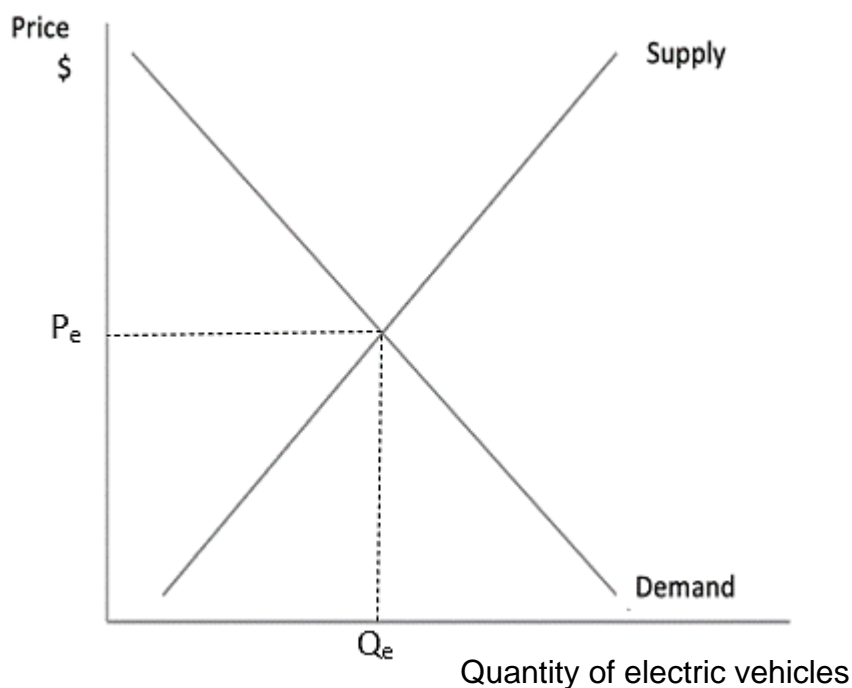


Figure 3: Diagram of the market for electric vehicles in Australia.

Question 12 continues

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.
 - This part is worth 15 marks and it is suggested that you spend **approximately 15 minutes** on this part.
 - This part assesses **Criterion 2** and **Criterion 5**.
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Unit 2 – Economic Management

Question 13

Table 3 shows the annual inflation rate and the cash rate at the end of each quarter between June 2020 and March 2023 for the Australian economy.

Australian Macroeconomic Data

Quarter	Inflation rate (annual rate for the 12 months ending)	Cash rate – end of the quarter (%)
June 2020	1.2	0.25
Dec 2020	1.1	0.10
June 2021	1.6	0.10
Dec 2021	2.6	0.10
June 2022	4.9	0.85
Dec 2022	6.9	3.10
March 2023	6.6	3.60

Table 3

Question 13 continues

Question 13 continued

Figure 4 shows quarterly GDP growth in Australia for the last four (4) years.

GDP, quarterly growth (%)

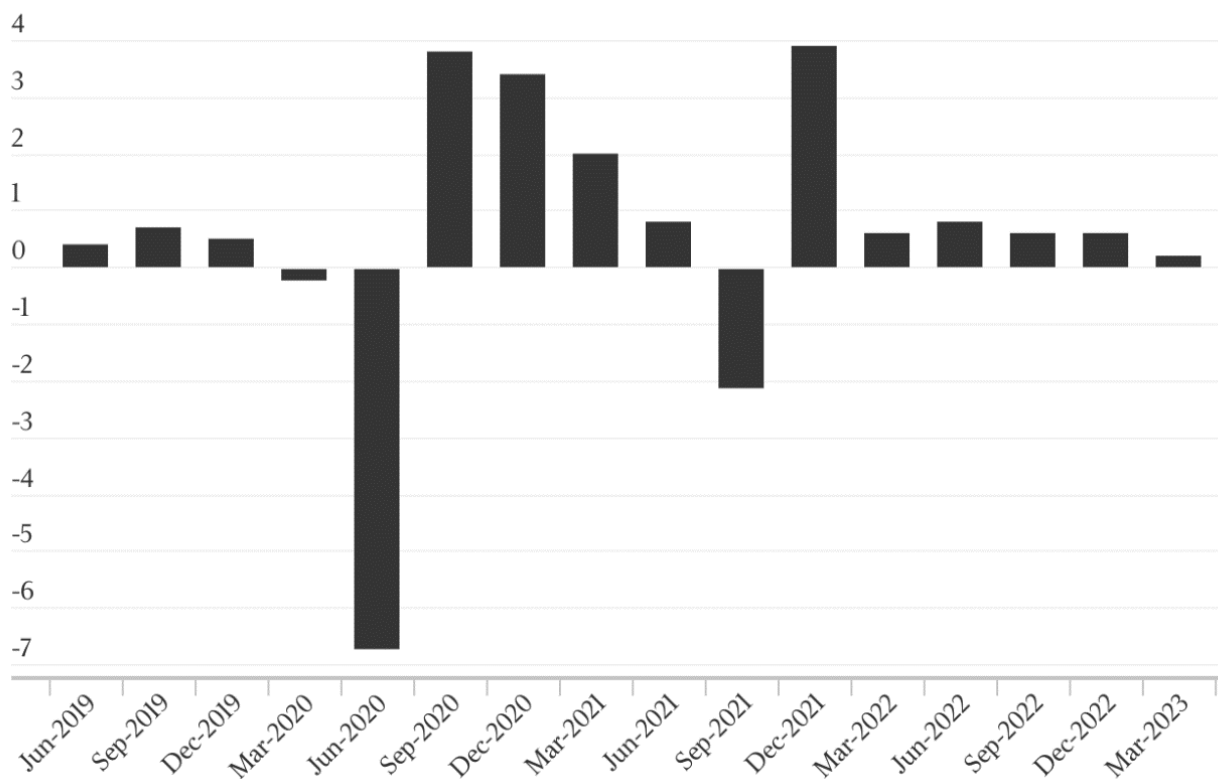


Figure 4: Graph of the quarterly GDP growth in Australia for the last four (4) years.

Use Table 3 and Figure 4 to answer the questions below:

- Evaluate whether the RBA monetary policy stance has had the desired impact on the level of **inflation** in Australia between June 2020 and March 2023.
- Identify two (2) quarters of slowing growth rates since December 2021. What were the growth rates in these quarters (approximately)?

(7.5 marks)

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Question 14

“The nation must kickstart productivity or homeowners will be hit with more interest rate hikes, the Reserve Bank has warned.” (*The Australian*, 16 May 2023)

- a) Using Figure 5, illustrate and explain how increases in labour productivity would impact the Australian economy.
- b) Referring to your diagram, why might increases in labour productivity decrease the likelihood of further “rate hikes”?

(7.5 marks)

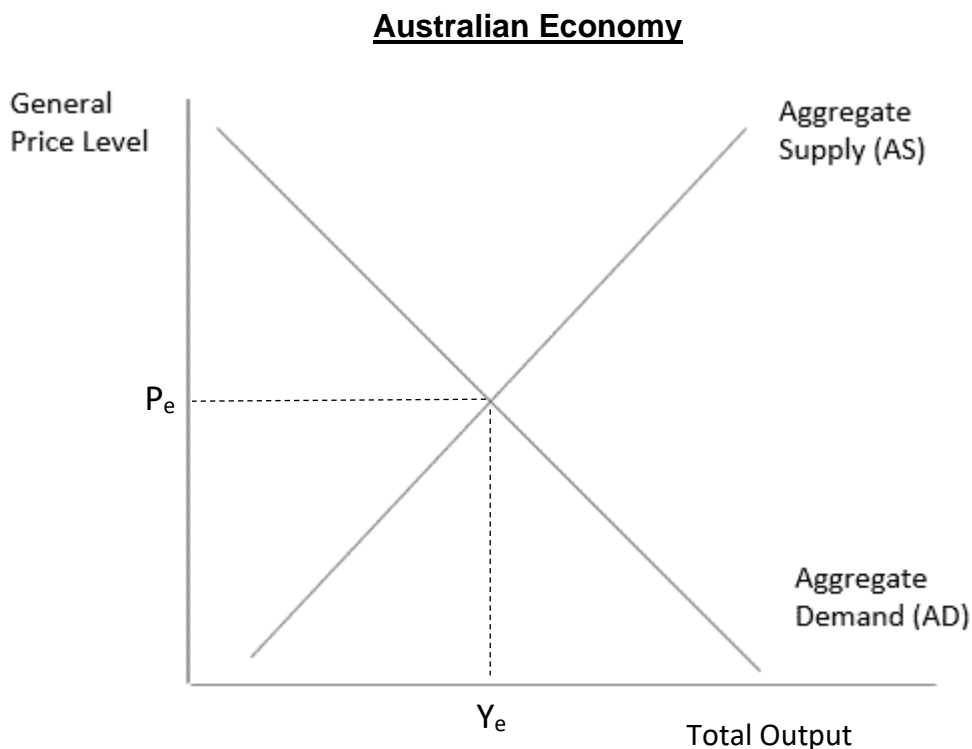


Figure 5: Diagram of increased labour productivity.

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Question 14 continues

Question 15

Labour and Macroeconomic Market Data – Australia

	Employed (million)	Unemployed (thousands)	Working-age Population (millions)	Real GDP growth % (quarter ending)	Nominal GDP growth % (quarter ending)	Consumer Price Index (CPI)
June 2022	13.64	505	21.3	0.8	2.8	126.1
March 2023	13.93	509	21.6	0.2	2.1	132.6

Table 4

Source: Australian Bureau of Statistics

Using the data in Table 4, calculate the following:

- Unemployment rate for March 2023
- Inflation rate for the nine months ending March 2023
- Labour Force Participation rate for March 2023
- Briefly explain the difference in Real GDP growth rates and Nominal GDP growth rates.

(7.5 marks)

Question 15 continues

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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.
 - This part is worth 15 marks and it is suggested that you spend **approximately 15 minutes** on this part.
 - This part assesses **Criterion 2** and **Criterion 5**.
-

Unit 3 – Australia and the Global Economy

Question 16

- a) Use Figure 6 to show the impact on the Australian dollar (\$A) to the United States dollar (\$US) if the Reserve Bank of Australia increased the cash rate by 0.5%, whilst interest rates in the United States remain unchanged. Describe the change to the equilibrium price and quantity.
- b) How does this change impact the demand for Australian exports?

(7.5 marks)

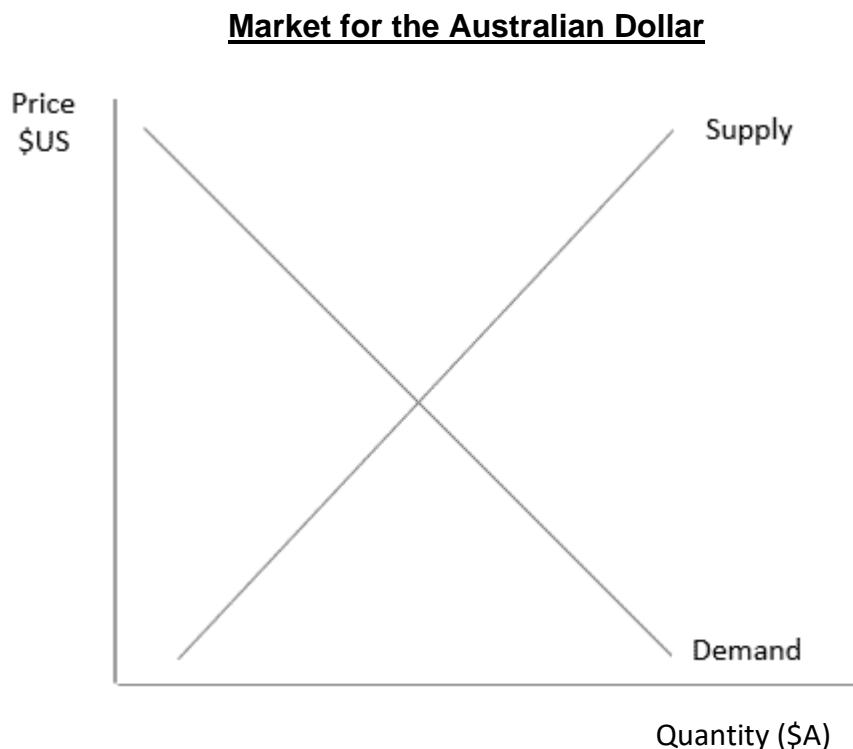


Figure 6: Diagram of the market for the Australian dollar.

Question 16 continues

Question 17

- a) The Australian Government have decided to place a tariff on imported oil. Show the impact of the tariff on Figure 7.
- b) Outline the impact of the tariff on:
- Australian consumers
 - Australian business (producers of oil and businesses in general)
 - Australian Government
 - Overseas producers of oil.

(7.5 marks)

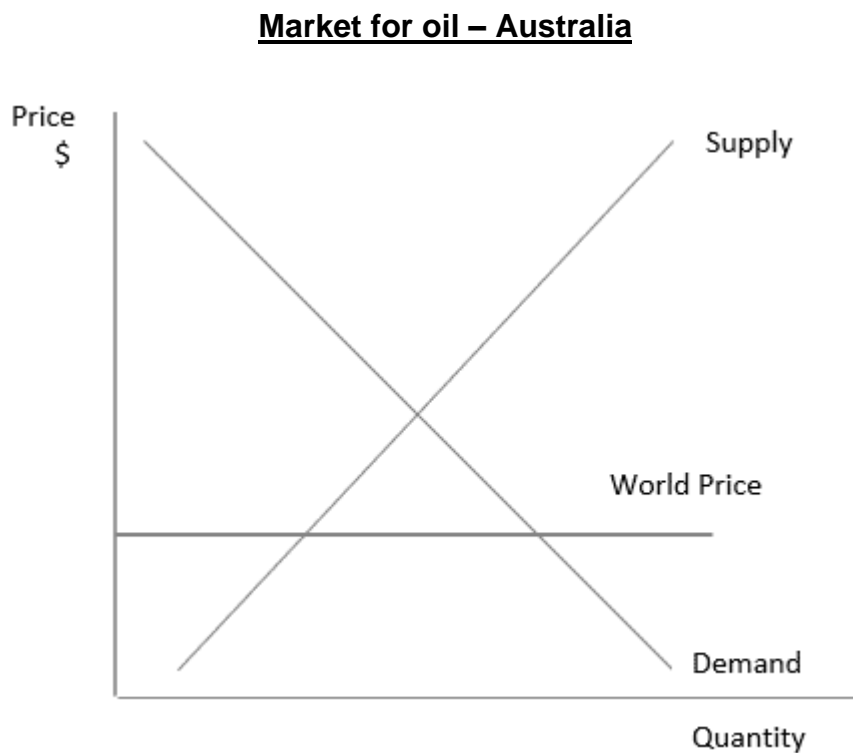
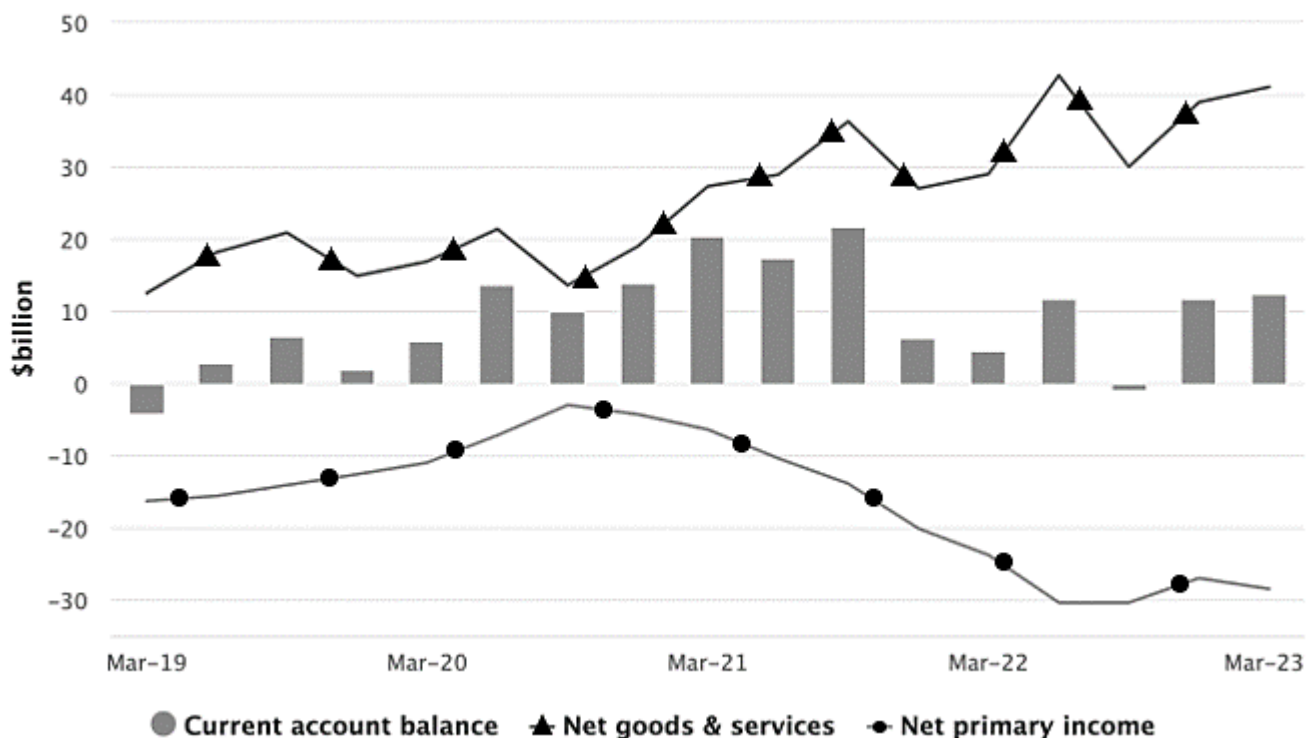


Figure 7: Diagram of the market for oil in Australia.

Question 17 continues

Question 18

Current account balance Australia: March 19 – March 23



Source: <https://www.abs.gov.au/statistics/economy/international-trade>

Figure 8: Graph of current account balance Australia: March 19 – March 23.

Figure 8 records current account details, including the balance of trade in goods and services and the balance in the net primary income account.

- a) Comment on the trend in the net primary income account over the last four (4) years.
- b) Explain how this trend impacts on the current account balance.

(7.5 marks)

Question 18 continues

End of Section B
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External Assessment 2023

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:
 - **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 the listed criteria.

Marker use			
	Q 19 or 20	Q 21 or 22	
C3			45
C4			45
C5			Alpha

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
Totals		22	14	180 minutes (3 hours)	180 and A+ to z rating

Criteria

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.

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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.
 - This part is worth 45 marks and it is suggested that you spend **approximately 45 minutes** on this part.
 - This part assesses **Criterion 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

Inflation targeting in Australia

It was 30 years ago this month when the Reserve Bank first raised the concept of inflation targeting. High inflation imposes a significant burden on the finances of all Australians. The rise in interest rates, which is needed to rein in inflation, imposes an extra burden on mortgage holders, but that burden will be higher still if we don't bring inflation down in a timely manner.

The transmission of tighter monetary policy through to economic activity and inflation takes time. These lags mean that central banks need to set monetary policy with a view to the future when it will be having its strongest effects. However, the presence of lags in transmission adds a challenge to the setting of monetary policy.

Source: <https://www.rba.gov.au/speeches/2023/sp-ag-2023-03-20.html>

The Reserve Bank of Australia could be forced to increase interest rates as soon as next month after surprisingly strong employment gains led some economists to warn the central bank has not done enough to cool the economy. Annual inflation has risen to 6.8 per cent over the year to April, in a result worse than economists had predicted.

Source: *Financial Review*, 14 April 2023

More mortgage pain as RBA hikes interest rates to the highest in 11 years

Stubbornly high inflation has again forced the Reserve Bank to lift the cash rate for the 12th time in just over a year. Borrowers will be slugged by another quarter of a percentage point rise – taking the cash rate to 4.1 per cent.

Source: ABC Radio 6 June

Question 19 continues

Question 19 continued

Business is worried about rising costs: prices, wages, compliance, you name it. It takes a very dim view of Fair Work decisions to significantly lift the minimum and award wages.

Source: *The Weekend Australian*, June 10-11 2023

These items assess **Criterion 3 and 5**

- a) “Australia is currently experiencing the highest rate of inflation in more than 30 years.”
Evaluate the costs of higher inflation on individuals and businesses. (10 marks)
- b) Discuss the challenges of achieving the two (2) macroeconomic goals of low unemployment and price stability. (8 marks)
- c) Evaluate “Fair Work decisions to significantly lift the minimum and award wages” in terms of social justice and practical limitations. (4.5 marks)

These items assess **Criterion 4 and 5**

- d) Evaluate the impact of the Reserve Bank decision to increase the cash rate for the 12th time in just over a year on individuals and businesses in the Australian economy. (10 marks)
- e) Outline a macroeconomic policy (other than monetary policy) that could be used in an effort to address the high rate of inflation. What might the disadvantages of this policy be? (8 marks)
- f) Explain how monetary policy is intended to influence the level of inflation in the Australian economy. (4.5 marks)

Question 20 Stimulus

The federal budget could be in the black for the first time in 15 years, with the Treasurer, Jim Chalmers, to forecast a small surplus of about \$4 billion for this financial year.

Despite what would be a dramatic turnaround from a forecast deficit of \$37 billion for 2022-23 made just seven months ago, the budget will slip back into the red over the rest of the four-year, forward estimates period as spending pressures mount and unemployment grows.

Unemployment, currently 3.5 per cent, is still forecast to peak at 4.5 per cent, but this will occur in 2024-25, rather than a year earlier as previously forecast.

Backed by revenue windfalls from a strong labour market, high commodity prices and strong corporate profits in the non-mining sector, the treasurer will present the strongest budget bottom line since the Morrison government returned the budget to balance in 2018-19 before the nation's coffers (the amount of funds available to spend) were ravaged by the COVID-19 pandemic.

Source: *Australian Financial Review*, 9 May 2023

A report by the Grattan Institute finds that if deficits are not slashed, Australia faces a rising debt interest bill that adds a further \$10bn to the deficit every year by 2033.

Many of the biggest reforms to address this are likely to remain in the political too-hard basket, such as raising the GST to 15%.

Source: *The Guardian*, 12 April 2023

Productivity takes biggest hit yet

The largest fall in productivity on record, and accelerating wages growth, will push prices higher and strengthen the chance the cash rate could hit 4.85 per cent, economists say, despite evidence economic growth is slowing.

Output per hour worked, a proxy for labour productivity, fell 0.3 per cent in March and by 4.5 per cent over the past year, which was the largest annual decline since at least 1979, when records began.

The economy expanded by a weaker-than-expected 0.2 per cent in the first three months of the year with some economists saying it's likely we will soon see a recession in GDP per capita.

Source: *Financial Review*, 8 June 2023

Question 20 continues

Question 20 continued

These items assess **Criterion 3 and 5**

- a) Explain the fiscal policy position in Australia as described in the stimulus, and evaluate the impact of this in terms of social justice and practical limitations. (10 marks)
- b) Discuss costs and benefits of low levels of unemployment to businesses and the Australian Government. (8 marks)
- c) Identify the potential costs to the Australian economy of slowing economic growth, which was recorded at 0.2% for the March quarter. (4.5 marks)

These items assess **Criterion 4 and 5**

- d) Explain and evaluate **one (1)** macroeconomic solution, other than increasing government spending, that could help the Australian economy recover from slowing economic growth. (10 marks)
- e) Explain **one (1)** microeconomic solution to the 'largest fall in productivity on record' and how this may stimulate economic growth without placing further pressure on inflation. (8 marks)
- f) Discuss the impact of raising the Goods and Services Tax (GST) on individuals and government. (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.
 - This part is worth 45 marks and it is suggested that you spend **approximately 45 minutes** on this part.
 - This part assesses **Criterion 3, 4 and 5**.
 - You are expected to use the stimulus material **and** the economics you have studied this year in your answers.
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Question 21 Stimulus

Trade is central to the Australian economy, and Australian exports represent over 20% of gross domestic product (GDP). Approximately 65% of Australia's two-way trade occurs with countries in Asia. Australia's export profile often also has significant upsides for government budgets and economic growth.

"Elevated commodity prices have contributed to Australia's trade surplus and current account surplus for the past 3 years, with the value of mining commodity exports reaching over \$400 billion for the year," Grace Kim, acting head of international statistics at the ABS, said.

Long-term, global momentum towards decarbonisation has challenging implications for Australia's current export profile. Australia exports 90% of its black coal production and 74% of its natural gas production. Most is bought by customers in Indo-Pacific countries, in particular Japan, China, South Korea, and India. All have made significant commitments to reach net zero, including (most recently) India.

The current global trade system is upheld by various multilateral institutions (for example the WTO) with the objectives of promoting rules-based free trade and economic engagement between countries.

However, since the late 2000s there has been a notable worldwide backlash against globalisation and free trade, driven by the concerns of those who have been harmed or 'left behind'. Widening inequality, job losses, and lack of opportunities for domestic workers are frequently raised as the negative consequences of globalisation.

Source: https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/GlobalTradeRisksAndOpportunities

Question 21 continues

Question 21 continued

A free trade agreement between Australia and the United Kingdom took effect on 31 May.

Key points:

- The deal eliminates tariffs on more than 99 per cent of Australian exports to the UK.
- It will also be easier for Australians to live and work in the UK.

Negotiations are continuing between Australia and the European Union on a separate free trade agreement.

The deal would be substantially larger than the UK deal, providing access to a market of 450 million people, and a GDP of \$20 trillion.

Source: <https://www.abc.net.au/>

These items assess **Criterion 3 and 5**

- Evaluate the benefits to individuals, business and the government of Australia in exporting large quantities of commodities such as coal and natural gas. (10 marks)
- Evaluate the costs of Australia exporting large quantities of commodities such as coal and natural gas. (8 marks)
- Discuss the impact on Australian businesses of Australia entering into Free Trade Agreements with the UK and European Union. (4.5 marks)

These items assess **Criterion 4 and 5**

- Evaluate the possible costs and benefits to Australian individuals and businesses of globalisation. (10 marks)
- Suggest and analyse a policy the Australian government could implement to promote trade in industries other than mining. (4.5 marks)
- “Elevated commodity prices have contributed to Australia’s trade surplus and current account surplus for the past three years.” What are the benefits of having a current account surplus? (8 marks)

Question 22 Stimulus

A\$ holding its own

The value of the Australian dollar is linked to our history as a powerhouse commodity exporter. It trades higher when global growth is strong and commodity prices are rising.

With high US interest rates and fears of a global recession, it's little wonder then the Aussie dollar is trading below its post-float average of US75¢, at about 67¢. Even China's reopening and accelerating growth profile hasn't been enough to lift the currency sustainably above US70¢ this year.

Yet, in some respects, the \$A is showing signs of greater stability than in the past. Global recessions have typically resulted in the Australian dollar falling below US60¢.

There are a couple of reasons for the Australian dollar showing greater resilience. First, Australia no longer runs a current account deficit. For the past six years, we have had multibillion-dollar monthly trade surpluses, buoyed by rising commodity and energy exports. The economy recorded a \$40.3 billion surplus in the March quarter.

Second, Australia's globally significant superannuation system is accumulating a large value of foreign assets. Australia has turned a historic, negative overseas investment position from a deficit to a surplus. Despite this, Australia still has a net foreign liability of \$862.3b at March quarter 2023 (ABS).

Source: *Australian Financial Review* – (Scott Haslem 25 April 2023)

Labor warns on threats to Asia recovery

Tokyo | The Albanese government will this week urge Asian nations to push back against protectionism and a shift away from globalisation which it says will threaten the region's post-pandemic economic recovery. The Australian government was pleased to see China drop tariffs it had previously placed on Australian exports of barley. Beijing had imposed an 80.5% tariff on barley, sending local growers scrambling to find alternatives, less lucrative markets.

Assistant Treasurer Andrew Leigh will tell an audience in Seoul today that inflation, climate change, global insecurity, and new technology are driving economic uncertainty.

Source: *Australian Financial Review* (Michael Smith - 2 May 2023)

Question 22 continues

Question 22 continued

These items assess **Criterion 3 and 5**

- a) Evaluate the impacts of protectionism and a shift away from globalisation in terms of social justice and environmental concerns. (10 marks)
- b) Evaluate the impact on individuals and businesses of an appreciating Australian dollar. (8 marks)
- c) Identify and explain **one (1)** likely effect of a depreciating Australian dollar on the Balance of Payments current account. (4.5 marks)

These items assess **Criterion 4 and 5**

- d) While the level of foreign liabilities (net foreign debt and net foreign investment) in Australia may be criticised, many would argue that the accumulation of these liabilities has been beneficial to Australia. Explain this point of view. (10 marks)
- e) Evaluate the benefits to the Australian economy of China 'reopening', including decreasing trade barriers on specified Australian exports. (8 marks)
- f) Suggest **one (1)** course of action that could be implemented to strengthen a depreciating Australian dollar. (4.5 marks)

End of Section C



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