**Sample Course Outline**

Economics

ATAR Year 12

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# Sample course outline

# Economics – ATAR Year 12

# Semester 1 – Unit 3 – Australia and the global economy

| **Week** | **Key teaching points** |
| --- | --- |
| 1–2 | **Economic knowledge and understanding: Australia’s international trade*** Australia’s linkages between economies, including trade, investment, tourism and immigration
* the extent and importance of trade for the Australian economy
* the composition and direction of Australia’s trade
* Australia’s trade policy, including regional and bilateral free trade agreements

**Economic skills*** select and use appropriate terminology
* apply mathematical techniques relevant to international trade including calculating Australia’s trade intensity
* use economic information and data to:
	+ identify trends and relationships in Australia’s international trade
	+ link economic theory to contemporary economic events and issues
* use a clear structure when communicating economic understandings, including:
	+ making reference to data to support a written response
	+ providing an explanation using an appropriate example
* recommend a range of policies designed to facilitate Australia’s economic relationship with the rest of the world
 |
| 3–4 | **Economic knowledge and understanding: Free trade and protection*** the concepts of absolute and comparative advantage, including the sources of comparative advantage
* the gains from specialisation and trade using the demand and supply model, the Production Possibility Frontier (PPF) model and the concept of opportunity cost
* the benefits of trade liberalisation
* types of protection, including tariffs, subsidies, quotas
* arguments for protection
* the impact of tariffs and subsidies using the demand and supply model on trade, market efficiency and the macroeconomy

**Economic skills*** select and use appropriate terminology
* apply mathematical techniques relevant to international trade, including calculating opportunity cost ratios
* use microeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s international transactions, including
	+ the Production Possibility Frontier (PPF) model
	+ the demand and supply model
	+ the theories of absolute and comparative advantage
* use economic information and data to:
	+ analyse issues and events
	+ make predictions on Australia’s international trade
	+ link economic theory to contemporary economic events and issues
	+ justify a conclusion
* use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
	+ providing an explanation using an appropriate example

**Task 1: Data interpretation/Short answer** |
| 5–6 | **Economic knowledge and understanding: Balance of payments*** the concept and structure of Australia’s balance of payments
* the double entry system of recording transactions
* the reasons for Australia’s current account balance in terms of the factors influencing:
	+ the trade balance
	+ the income balance
* the current account balance and the savings/investment gap
* trends in Australia’s current account and financial account over the last ten years

**Economic skills*** select and use appropriate terminology
* apply mathematical techniques relevant to international trade, including calculating balance of payments data, including balance on goods and services, income balance, current account balance
* use economic information and data to:
	+ analyse issues and events
	+ link economic theory to contemporary economic events and issues
	+ justify a conclusion
* use a clear structure when communicating economic understandings, including:
	+ making reference to data to support a written response
	+ providing an explanation using an appropriate example
* apply problem-solving, critical thinking and decision-making strategies to predict an outcome
 |
| 7–8 | **Economic knowledge and understanding: Terms of trade*** the concepts of the terms of trade and the terms of trade index
* factors that affect the terms of trade, including changes in commodity prices
* trends in Australia’s terms of trade over the last ten years
* the effects of changes in Australia’s terms of trade

**Economic skills*** select and use appropriate terminology
* apply mathematical techniques relevant to international trade, including calculating the terms of trade index
* use economic information and data to:
	+ analyse issues and events
	+ link economic theory to contemporary economic events and issues
	+ justify a conclusion
* use a clear structure when communicating economic understandings, including:
	+ making reference to data to support a written response
	+ providing an explanation using an appropriate example
* apply problem-solving, critical thinking and decision-making strategies to predict an outcome

**Task 2: Extended answer** |
| 9–10 | **Economic knowledge and understanding: Exchange rates*** the concept of an exchange rate, including Australia’s exchange rate
* the concept of the trade weighted index
* the relationship between the balance of payments and the exchange rate
* the determination of, and movements in, the exchange rate using the demand and supply model
* the factors that affect the exchange rate
* effects of movements in the exchange rate
* trends in Australia’s exchange rate over the last ten years

**Economic skills*** select and use appropriate terminology
* apply mathematical techniques relevant to international trade, including calculating the exchange rate
* use microeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s international transactions, including the demand and supply model
* use economic information and data to:
	+ analyse issues and events
	+ link economic theory to contemporary economic events and issues
	+ justify a conclusion
* use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
	+ providing an explanation using an appropriate example
* apply problem-solving, critical thinking and decision-making strategies to predict an outcome
 |
| 11–13 | **Economic knowledge and understanding: Foreign investment*** the concept of foreign investment in terms of Australia’s foreign investment flows
* the concept of Australia’s foreign assets, foreign liabilities and international investment position
* the distinction between foreign direct and portfolio investment
* the link between foreign investment and the current account balance
* trends in Australia’s foreign investment flows over the last ten years
* the benefits and costs of foreign investment in Australia

**Economic skills*** select and use appropriate terminology
* use economic information and data to:
	+ analyse issues and events
	+ link economic theory to contemporary economic events and issues
	+ justify a conclusion
* use a clear structure when communicating economic understandings, including:
	+ making reference to data to support a written response
	+ providing an explanation using an appropriate example
* apply problem-solving, critical thinking and decision-making strategies to predict an outcome

**Task 3: Data interpretation/Short answer** |
| 14 | Unit 3 Revision |
| 15 | **Task 4: Semester 1 Examination** |

# Semester 2 – Unit 4 – Macroeconomic theory and economic policy

| **Week** | **Key teaching points** |
| --- | --- |
| 1 | **Economic knowledge and understanding: Australia’s macroeconomic performance and the business cycle*** the causes and turning points of the business cycle
* the relationship between the business cycle and economic indicators
* trends in Australia’s macroeconomic performance over the last ten years

**Economics skills*** select and use appropriate terminology
* apply mathematical techniques relevant to Australia’s economic policy and management, including calculating:
	+ changes in economic indicators, such as the Consumer Price Index (CPI), Gross Domestic Product (GDP), labour force data, and a percentage rate of change
* select and/or use economic information and data to:
	+ analyse macroeconomic issues and events
	+ link economic theory to contemporary macroeconomic events and issues
* select and use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
 |
| 2–3 | **Economic knowledge and understanding: The aggregate expenditure model*** the factors affecting each of the components of Aggregate Expenditure (AE), i.e. AE=C+I+G+(X-M)
* the relationship between the consumption function, the marginal propensity to consume and the marginal propensity to save
* the Aggregate Expenditure (AE) model
* the concept of macroeconomic equilibrium, including the role of inventories
* the concept of the multiplier
* the multiplier process using the Aggregate Expenditure (AE) model
* the impact of changes in the components of aggregate expenditure on the equilibrium level of income/output using the AE model

**Economics skills*** select and use appropriate terminology
* apply mathematical techniques relevant to Australia’s economic policy and management, including calculating the value of the marginal propensity to consume, the marginal propensity to save and the multiplier
* use macroeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s economic policy and management, including the Aggregate Expenditure model
* select and/or use economic information and data to:
	+ link economic theory to contemporary macroeconomic events and issues
	+ justify a conclusion
* select and use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
* apply problem-solving, critical thinking and decision-making strategies to predict a

macroeconomic outcome**Task 5: Extended answer** |
| 4–5 | **Economic knowledge and understanding: 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 short-run aggregate supply (SRAS) curve and factors that can cause movements along and shifts of the SRAS curve
* the long-run aggregate supply (LRAS) curve and factors that can cause shifts of the LRAS 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

**Economics skills*** select and use appropriate terminology
* use macroeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s economic policy and management, including the Aggregate Demand/Aggregate Supply model (SRAS and LRAS)
* select and/or use economic information and data to:
* analyse macroeconomic issues and events
* link economic theory to contemporary macroeconomic events and issues
* justify a conclusion
* select and use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
* apply problem-solving, critical thinking and decision-making strategies to predict a macroeconomic outcome
 |
| 6–8 | **Economic knowledge and understanding: Fiscal policy*** the concept of fiscal policy
* the macroeconomic policy objectives of the Australian Government
* the different budget outcomes, i.e. balanced, surplus and deficit budgets
* reasons for differences between planned and actual budget outcomes
* methods of financing a budget deficit and the impact of government debt
* the distinction between automatic fiscal stabilisers and discretionary fiscal policy
* the impact of expansionary and contractionary fiscal policy stances on the level of economic activity using the AE and AD/AS model
* strengths and weaknesses of fiscal policy
* fiscal policy stances in Australia over the last three years

**Economics skills*** select and use appropriate terminology
* apply mathematical techniques relevant to Australia’s economic policy and management, including calculating the budget outcome
* use macroeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s economic policy and management, including:
	+ the Aggregate Expenditure model
	+ the Aggregate Demand/Aggregate Supply model (SRAS and LRAS)
* select and/or use economic information and data to:
	+ identify trends and relationships in relation to Australia’s economic policy and management
	+ analyse macroeconomic issues and events
	+ make predictions on Australia’s economic policy and management
	+ link economic theory to contemporary macroeconomic events and issues
	+ justify a conclusion
* select and use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
* apply problem-solving, critical thinking and decision-making strategies to predict a macroeconomic outcome

**Task 6: Data interpretation/Short answer** |
| 9–11 | **Economic knowledge and understanding: Monetary policy*** the concepts of monetary policy and the cash rate
* the economic policy objectives of the Reserve Bank of Australia (RBA)
* conventional and unconventional monetary policy
* circumstances under which the RBA may change the monetary policy stance
* how changes in the cash rate affects the level of economic activity, i.e. the transmission mechanism
* the impact of expansionary and contractionary monetary policy stances on the level of economic activity using the AE and AD/AS model
* strengths and weaknesses of monetary policy
* monetary policy stances in Australia over the last three years

**Economics Skills*** select and use appropriate terminology
* use macroeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s economic policy and management, including:
	+ the Aggregate Expenditure model
	+ the Aggregate Demand/Aggregate Supply model (SRAS and LRAS)
* select and/or use economic information and data to:
	+ identify trends and relationships in relation to Australia’s economic policy and management
	+ analyse macroeconomic issues and events
	+ make predictions on Australia’s economic policy and management
	+ link economic theory to contemporary macroeconomic events and issues
	+ justify a conclusion
* select and use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
* apply problem-solving, critical thinking and decision-making strategies to predict a macroeconomic outcome

**Task 7: Extended answer** |
| 12–13 | **Economic knowledge and understanding: Labour productivity*** the importance of long-run economic growth
* the concept of labour productivity
* the factors affecting labour productivity growth, including human capital, physical capital (capital deepening), technological progress
* government policies designed to influence labour productivity and the achievement of economic growth
* the impact of changes in labour productivity using the AD/AS model and the Aggregate Production Function (APF)

**Economics skills*** select and use appropriate terminology
* apply mathematical techniques relevant to Australia’s economic policy and management, including calculating labour productivity
* use macroeconomic models to analyse and convey economic theory and reasoning in relation to Australia’s economic policy and management, including:
	+ the Aggregate Demand/Aggregate Supply model (SRAS and LRAS)
	+ the Aggregate Production Function (APF)
* select and/or use economic information and data to:
	+ identify trends and relationships in relation to Australia’s economic policy and management
	+ link economic theory to contemporary macroeconomic events and issues
	+ justify a conclusion
* select and use a clear structure when communicating economic understandings, including:
	+ using a relevant and accurate diagram/model
	+ making reference to a diagram/model/data to support a written response
* apply problem-solving, critical thinking and decision-making strategies to predict a macroeconomic outcome
* recommend a range of demand management policies and policies that promote productivity to achieve Australia’s macroeconomic objectives and mitigate demand and supply shocks
 |
| 14 | Unit 3 and Unit 4 Revision |
| 15 | **Task 8: Semester 2 Examination** |