



The following report gives feedback to assist assessors with general issues and trends that have been identified during external moderation of the internally assessed standards in 2023. It also provides further insights from moderation material viewed throughout the year and outlines the Assessor Support available for Economics.

## Insights

### 91401: Demonstrate understanding of micro-economic concepts

#### Performance overview:

This standard requires the explanation of two micro-economic concepts chosen from EN3 of the standard. From moderation in 2023, for Achieved, the micro-economic concepts were explained, data or information (either is sufficient) for the concepts was processed and/or presented.

For higher grades, all relevant data was used to support detailed explanations. For example, the Price Elasticity of Demand (PED) coefficient, price and quantity data were used for the Elasticity of Demand (EOD) concept. The micro-economic concepts were illustrated with an economic model(s), and for higher grades the model was used by referring to specific points on the model. Clear labelling and coloured areas on the economic models provided opportunities for models to be used in detailed explanations.

When using the Aggregate Supply-Aggregate Demand (AS-AD) model to support explanations of causes of changes in unemployment, an explanation of the recessionary gap and reference to a change in this gap (e.g.  $Y-Y_f$  changing to  $Y_1$  to  $Y_f$ ) was provided. Alternatively, the labour market model, linked to the AS-AD model with an explanation of derived demand, provided sufficient evidence to achieve the standard.

#### Practices that need strengthening:

Instead of generic explanations of the micro-economic concepts, specific case studies should be used. For example, for Price Elasticity of Supply (PES), the timber industry could be used and explanations for why and/or how PES changes over time would reference changes in specific resources used in the timber industry, e.g. timber plantations. The same processed data and model applicable to the case study would be used throughout explanations of a specific micro-economic concept to ensure continuity and sufficient detail at different grade levels.

Data processing needs to be accurate. For the Marginal Utility and Demand (MU&D) concept, the demand schedule derived from MU data reflect an understanding of the law of diminishing marginal utility (Law of DMU) and the optimal purchase rule (OPR). For example, for MU&D, by reflecting a decrease in MU when consumption increased. MU should have been used correctly to derive the demand schedule, which in turn should have been used to illustrate a downward sloping demand curve.

Models also need to be accurate. For example, for the Marginal Cost and Supply (MC&S) concept, MC should cut Average Cost (AC) at its minimum and the supply curve should be shown from the shutdown point sloping upwards to the right. Specific points on the model

should have been referenced in explanations when linking MC and S. The models should have followed economic graphing conventions, i.e. correct title, equal intervals on the axis, axes and curve labels. For PED and PES, the slope of the curve should reflect the processed data. For example, for inelastic PED or PES, where the coefficient is smaller than 1, the curves should be steep. The appropriate changes in price and quantity would be reflected on the model, e.g. price changes would be larger than quantity changes.

When the implications of the micro-economic concepts for a consumer(s), producer(s) or government were explained, detail was lacking such as why and how consumers, producers or government would be impacted by changes, and the micro-economic concepts should also have been used in the explanations. For example, for MU&D, when the price of one product changes, a detailed explanation would be needed of how and why MU/P would change and would therefore change the demand for a combination of goods. Economic models and data and/or information should also have been used to support these detailed explanations.

### **91402: Demonstrate understanding of government interventions where the market fails to deliver efficient or equitable outcomes**

#### **Performance overview:**

This standard requires an explanation of government interventions in terms of the implications for efficiency and equity where a market fails to deliver efficient or equitable outcomes. An economic model must be used to support an explanation by referring to specific points on the model.

For Achieved, clear labelling and coloured areas on the economic models provided opportunities for models to be used in detailed explanations. More detailed explanations included why and how the policies impacted on efficiency and equity. The implications of the policies on efficiency included explanations of how and why the deadweight loss at the free-market equilibrium (the social DWL) was removed if the market moves to the socially desirable market position. Changes in surpluses were also explained.

The areas for surpluses before and after government intervention were highlighted on the models and referenced in detailed explanations. For equity, explanations for why taxes and quotas were fair or unfair included the different impacts for consumers and producers with reference to the incidence of the tax. A discussion of elasticities added detail when explaining the implications of the policies on equity for households and businesses. The regressive nature of taxes was also explained.

#### **Practices that need strengthening:**

Explanations of the implications of the policies on efficiency and equity lacked detail such as why and/or how the specific policy would change prices, quantities, revenues/spending, consumer surplus, producer surplus, spillover costs or benefits and social DWL.

Appropriate level 8 economic models must be used to support explanations, such as the MSB/MSC model for consumption and production externalities, and the Lorenz curve for income inequality. When using the MSB/MSC model to support explanations of the implications of the policies on efficiency, it is necessary to explain how and/or why the social DWL would be removed or reduced by explaining changes in CS and PS, spillover cost or benefit. When a Supply and Demand model is used, it should be linked to the appropriate MSB/MSC model. A policy that would encourage demand for a substitute good, such as a subsidy for public transport, needs to be applied correctly to the specific market failure being

discussed. For example, an explanation would be needed for how and why the demand for petrol vehicles would decrease because of a subsidy on public transport, i.e. the commodities are substitute goods. Both models would be needed. A S&D model for public transport showing the subsidy with an increase in supply, and a SMB/SMC model for the market failure (e.g. petrol vehicles showing a shift of SMB to the left).

For this standard, explanations of efficiency refer to allocative efficiency (i.e. a loss of welfare resulting in a social DWL), and should not be confused with how effective the policies were.

When explaining how and/or why policies will correct the market failure for inequality, the implications of policies on efficiency and equity also need to be explained.

An additional model (such as the efficiency-equity trade-off model) is used when comparing and/or contrasting the implications of the policies on efficiency and equity.

The format of the task is important, and grades were consistent with the national standard when the task was clear and linked to the achievement criteria of the standard. The task should require students to explain why the market may not be delivering efficient or equitable outcomes and therefore failed.

The implications of at least two policies on both efficiency AND equity instead of efficiency OR equity are also needed. The implications of the policies need to be compared and/or contrasted in a lesser than/more than sense to justify which policy is better in terms of efficiency and equity. For example, when comparing and/or contrasting the implications of the policies on efficiency, the size of the changes in surpluses would be compared and/or contrasted. For equity, the size or severity of the different impacts of the policies for consumers and producers would be compared and/or contrasted. Economic models need to be used to support explanations at all grade levels.

## **Assessor Support:**

### **Online**

NZQA's learning management system (Pūtake) offers 150+ easy to access courses, materials and products. These are designed to support teachers, as assessors, to improve their assessment of NCEA standards.

Online, subject-specific or generic, bite-sized learning modules and short courses are now available to complement the traditional face-to-face workshops that NZQA offers. These online courses can be accessed using your Education Sector Logon.

Subject-specific course/workshops available for Economics include:

- 91228: A contemporary economic issue

Online Making Assessor Judgements workshops are also available throughout the year. These workshops are structured to guide teachers to improve their understanding of each grade level by examining several full samples of student work. The following standards are available for enrolment in 2024:

- 91227: Analyse how government policies and contemporary economic issues interact
- 91402: Demonstrate understanding of government interventions where the market fails to deliver efficient or equitable outcomes

Feedback from teachers for these workshops indicates that more than 74% of participants agreed or strongly agreed that the content in the module was beneficial:

*“Although I was a bit skeptical that this was going to provide me with better understanding of the standard (and marking it), I found I've picked up more certainty about making judgements about the work my students might produce. I'm also more secure about guiding them through the selection of their topic and setting it up so that they are able to complete a successful investigation.”*

Exemplars of student evidence for all standards at each level of achievement are available on the NZQA subject page for Economics.

NZQA will continue to provide generic modules and workshops designed to improve general assessment practice. The following modules and workshops will be available in 2024:

- Assessment Approaches, an online workshop exploring different methods of assessment
- Culturally Responsive Assessment
- Assessment Guidance – Reviewing Your Practice
- Tāku Reo, Tāku Mahi – My voice, My work, a guide to managing authenticity
- Why Less is More, a guide to reducing volumes of student evidence
- Integrated Assessment
- Modes of Assessment
- Alternative Assessment
- Acknowledging Sources

*“This was great! I liked that I could choose from different scenarios, see how sources are used and the way the student answered the question.”*

*“Reassuring and very thorough. Easy to use/follow.”*

We will also continue to offer the Transforming Assessment Praxis programme, an online workshop relevant to all subjects which helps assessors learn about re-contextualising assessment resources and collecting evidence in different ways, in order to better meet the needs of students.

Check the NCEA subject pages on the NZQA website regularly, as more online modules, workshops and courses will be added throughout 2024.

### **Assessor Practice Tool**

The Assessor Practice Tool (APT) will be used to support assessors with the new NCEA standards from 2024 onwards. The purpose of the APT is to allow assessors to practice making assessment judgements and immediately receive feedback on their judgements from a moderation panel. The APT will initially have material for some existing Level 3 standards, with moderated samples for the new Level 1 NCEA standard subjects being added as material becomes available. Material for the new Level 2 and Level 3 standards will be added over time, and all material for the old NCEA standards will be archived.

Material is currently available for:

- 91401: Demonstrate understanding of micro-economic concepts
- 91402: Demonstrate understanding of government interventions where the market fails to deliver efficient or equitable outcomes

## **Workshops and Presentations**

The Best Practice Workshops offered by Assessment and Moderation continue to be viewed by the sector as significantly contributing to improved assessor practice:

*“I thought the workshop was very clear and helpful, there were a lot of varied examples of ākonga work discussed and opportunity for participants to discuss and ask questions.”*

We offer several options of online workshops and presentations for events to support assessors with the assessment of internally assessed standards. These can be subject-specific, or general assessment support, and tailored to the audience. Virtual presentation slots, online workshops or webinars can be requested to provide targeted support to local, regional or national audiences.

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