



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 2024. It also provides further insights from moderation material viewed throughout the year and outlines the Assessor Support available for Economics.

## Insights

Using the correct models, at the appropriate curriculum level, and the required Economics terminology to demonstrate understanding at all grade levels is important to achieve the various grades.

All the assessment requirements outlined in the standards, at the required level, are required for internal assessments to ensure grades are allocated appropriately.

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

#### **Performance overview:**

Version 3 of the standard requires only one market failure explained in terms of efficient or equitable outcomes, while at least two government policies should be explained in terms of efficiency AND equity. Appropriate economic models (at level 8 of the curriculum) should be used to support explanations of the market failure and government policies. The SMB-SMC model is the most appropriate model to use for consumption and production externalities, while the Lorenz curve should be used to support explanations of inequality.

All areas on the model should be directly referenced in explanations. For example, when explaining externalities, spillover cost/benefit, deadweight loss (DWL), consumer and producer surpluses should be included. For government policies, changes in surpluses and (where applicable) tax and subsidy areas should be included. The reason why the market failed should also be explained. For externalities, this should include a discussion of why there is a DWL when comparing private and social equilibrium, using the language of the SMB-SMC model. For negative externalities of consumption, the explanation should include how a higher total of consumer and producer surplus is outweighed by the losses to third parties, and this results in a DWL.

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

Efficiency in this standard means 'allocative efficiency' from a social viewpoint (i.e. a loss of welfare resulting in a social DWL), and this is different to the meaning of being efficient or doing something efficiently. Equity means fairness, This is different to inequality, which means income and wealth distribution is unequal (so rich people have more and poor people have less income and wealth).

Both efficiency and equity should be included in explanations of how the government intervention would correct the market failure. While a specific policy could be allocatively efficient (e.g. taxes on demerit goods), because the higher price would discourage consumption and quantity would decrease to the socially desirable level, the policy might not be equitable. For example, because of the regressive nature of taxes, poor people could pay proportionally more than rich people.

For Excellence, the efficiency and equity of each policy must also be compared and/or contrasted and trade-offs between equity and efficiency must be considered to justify the best policy.

Models should be used to support explanations of why the market failed, and to explain (for both government interventions) how the policies would correct or partially correct the market failure. These models should be appropriate level 8 models, e.g. SMB-SMC model for externalities. The market model, usually used in level 7, would not be appropriate to use for government interventions, e.g. to show taxes or subsidies.

### **91228: Analyse a contemporary economic issue of special interest using economic concepts and models**

#### **Performance overview:**

In addition to identifying, defining or describing concepts, the standard requires students to explain at least two causes of a 'contemporary economic issue' using economic models. Choosing inequality as the issue and explaining causes such as the level of education and ownership of natural resources had the most success in gaining the appropriate grades.

The Lorenz curve, showing distribution of income and/or wealth, should be used to support these explanations. It is not necessary to calculate/use the Gini coefficient, but it could add depth to explanations. The standard also requires students to explain the impacts of the contemporary economic issue on various groups in New Zealand society. Explaining the impacts of inequality on groups would include positive and/or negative effects on at least two groups, e.g. young and old or rich and poor or urban and rural households. Social and economic impacts could also be discussed.

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

Choosing the correct topic as a 'contemporary economic issue' is important. The Conditions of Assessment specifically exclude inflation, growth, unemployment and trade. Therefore, any topic that relates to these macro-economic issues should be excluded. For example, 'cost of living', which links directly to inflation, must not be chosen.

'Groups' in Economics refers to groups in NZ society, and includes households, businesses and government. Choosing the correct groups is important. The environment is not regarded as a group in this standard. However, a government department that cares for the environment, such as Department of Conservation (DOC), could be a group. Impacts of the contemporary economic issue on another economic issue should also not be discussed. For example, the impacts of inequality on employment falls outside the scope of this standard.

#### **Assessor Support**

NZQA offers online support for teachers as assessors of NZC achievement standards. These include:

- Exemplars of student work for most standards\*
- National Moderator Reports\*
- Online learning modules (generic and subject-specific)\*\*
- Clarifications for some standards\*
- Assessor Practice Tool for many standards\*\*
- Webcasts\*

\*hosted on the NZC Subject pages on the NZQA website.

\*\*hosted on Pūtake, NZQA's learning management system. Accessed via Education Sector Login.

We also may provide a speaker to present at national conferences on requests from national subject associations. At the regional or local level, we may be able to provide online support.

Please contact [workshops@nzqa.govt.nz](mailto:workshops@nzqa.govt.nz) for more information or to lodge a request for support.

**To give feedback on this report click on [this link](#).**