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| Economics and Business Year 10Economic Performance and Living StandardsEnd of Unit Test |
| Description of task  | 10 multiple-choice questions and two data interpretation/short-answer questions consisting of a number of parts based on the:* indicators of economic performance
* links between economic performance and living standards
* ways that government manage the economy to improve performance and living standards
 |
| Assessment conditions | A 50 minute paper to be completed under test conditions.  |
| Content from the Western Australian Curriculum | **Knowledge and understanding**  Indicators of economic performance (e.g. economic growth rates, unemployment trends, inflation rates, human development index, quality of life index, sustainability indexes) and how Australia’s economy is performing**Humanities and Social Sciences skills**  **Analysis**Use criteria to analyse the reliability, bias, usefulness and currency of primary sources and/or secondary sourcesAnalyse information and/or data in different formats (e.g. to explain cause and effect relationships, comparisons, categories and subcategories, change over time)**Evaluating**Critically evaluate information and/or data and ideas from a range of sources to make generalisations and inferences; propose explanation for patterns, trends, relationships and anomalies; predict outcomes**Communicating and reflecting**Develop texts, particularly explanations and discussions, using evidence from a range of sources to support conclusions and/or arguments |
| Key concepts | Economic performance and living standards |
| Task preparation |
| Prior learning  | Students are familiar with various different indicators of economic performance and have conducted some analysis of economic growth rates, unemployment trends, inflation rates, human development index, quality of life index and sustainability indexes. |
| Assessment task |
| Resources | Household Income and Wealth, Australia 2017-2018[https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6523.02017-18?OpenDocument](https://www.abs.gov.au/AUSSTATS/abs%40.nsf/DetailsPage/6523.02017-18?OpenDocument)Australia - Economic Indicators<https://tradingeconomics.com/australia/indicators>OECD Better Life Index 2017http://www.oecdbetterlifeindex.org/countries/greece/Toyota Production Systems<https://global.toyota/en/company/vision-and-philosophy/production-system/>Origin Chocolate Goes Global<https://www.austrade.gov.au/news/success-stories/australian-chocolate-maker-raises-the-bar-in-asia>Australia’s Income Tax Rateshttps://www.ato.gov.au/ |

**Instructions to students**

1. Write your answers in this Question/Answer booklet preferably using a blue/black pen. Do not use erasable or gel pens.
2. Answer the questions according to the following instructions.

Section One: Answer all questions on a separate Multiple-choice answer sheet provided. For each question, shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. If you make a mistake, place a cross through that square, then shade your new answer. Do not erase or use correction fluid/tape. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Section Two: Answer all questions. Write your answers in this Question/Answer Booklet.

1. You must be careful to confine your answers to the specific questions asked and to follow any instructions that are specific to a particular question.
2. You are encouraged to refer to the sources on the data sheet to support your answer for any question. The data sheet is to be handed in with your Question/Answer booklet.

**Section One: Multiple-choice (10 Marks)**

This section has **10** questions. Answer all questions on the separate Multiple-choice answer sheet provided. For each question, shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. If you make a mistake, place a cross through that square, then shade your new answer. Do not erase or use correction fluid/tape. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Suggested working time: 10 minutes.

Refer to **Source 1**: **Income Share in Australia** to answer Questions **1 and 2**.

1. Which of the following factors mostly contributes to Australia’s relatively unequal income distribution?

1. National economic development
2. Government policies on redistribution of income
3. Access to education
4. **Patterns of workforce participation**
5. Which of the following statements relating to Australia’s Income and Wealth distribution is correct?
6. The top 20% of income earners earn 63% of the income
7. The bottom 20% of income earners earn 2% of the income
8. The middle 20% of income earners earn 12% of the income
9. **The top 20% of income earners earn 40% of the income**

Refer to **Source 3**: **Australia’s Income Tax Rates** to answer Questions 3 and 4.

1. Given Australia’s Income Tax rates, this income tax system is described as:
2. regressive
3. **progressive**
4. proportional
5. flexible

4. Which of the following characteristics best describes a progressive income tax system?

1. high income earners pay more in tax than low income earners
2. **as income rises, the marginal rate of tax increases**
3. as income falls, the marginal rate of tax increases
4. high income earners pay a lower average tax rate

Refer to **Source 5**: **Australia’s Macroeconomic Indicators 2016-2019** to answer Questions **5 and 6**.

5. Since mid-2016, the main reasons for the changes in economic growth include:

1. a rise in unemployment since this time.
2. a fall in the amount of workers entering the labour force.
3. **a fall in confidence resulting in lower levels of spending by consumers and businesses.**
4. a rise in prices resulting in an increase in the cost of living
5. Unemployment has been an economic problem for the federal government because

1. it leads to higher taxation revenue
2. it means a reduction in public sector outlays
3. it reduces the popularity of the government
4. **the economy's growth potential and living standards are not being maximised**

Refer to **Source 6**: **Toyota Production System** to answer Questions **7 and 8**.

1. A just-in-time method of producing goods and services requires
2. the business to maintain a suitable amount of inventory.
3. the business to increase the space required to store productive capital equipment that will boost the efficiency of the firm
4. **a reduction in inventory items without impacting on its ability to sell to customers**
5. the business to reduce the space required to store productive capital equipment and increase the reliance of trained staff in the just-in-time method
6. Which of the following is the ‘best’ method to boost the productivity of workers

1. A reduction in management
2. **Regular feedback via a performance appraisal**
3. Improvements in technology
4. A change in processes such as just-in-time inventory systems

Refer to **Source 8**: **Living Standards** to answer Questions **9 and 10**.

1. Which of the following statements regarding Australia’s living standards is correct?

1. **Australia’s employment level is higher that the OECD average.**
2. Australia’s average household income is decreasing over time.
3. Education standards in Australia are superior to Korea.
4. Australians are relatively unsatisfied with their water quality.
5. An increase in living standards over time is a goal which
6. will result in the maximum level of economic growth
7. **will reduce the negative externalities associated with economic growth**
8. is impossible to achieve in a modern industrial economy
9. which is a compromise between economic growth and environmental protection

**Section Two: Short answer (28 Marks)**

This section contains **two** questions. Answer **both** questions. Write your answers in the spaces provided.

Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.

Suggested working time: 40 minutes.

**Question 11 (13 marks)**

Refer to **Source 4 on Origin Chocolate goes global** and answer the questions that follow.

1. State the length of time that Origin Chocolate been operating as a business. (1 mark)

1. Explain why chocolate making in Australia has been described as a ‘cottage industry’ at this point. (2 marks)

1. Explain why Origin Chocolate has been able to expand its market share. (2 marks)

1. Describe the challenges that Origin Chocolate has endured whilst expanding its market share. (4 marks)

1. Chimenti recommends establishing a “profitable and sustainable business” before moving forward into exporting. Outline FOUR other business opportunities that Origin Chocolate could take advantage of to ensure it is a profitable and sustainable business. (4 marks)

**Question 12 (15 marks)**

Refer to **Sources 7 and 8** and answer the questions that follow.

1. According to the cartoon, are businesses concerned with protecting the environment? Justify your response with use of examples. (2 marks)

1. Using a relevant example, describe the relationship that exists between the levels of education and training, employment and potential for economic growth. (3 marks)

1. With reference to the sources, outline and explain the reasons why there is a considerable difference in living standards between nations around the world. (4 marks)

1. Outline and explain the ways that the government manages the economy to improve:
2. economic performance. (3 marks)

1. living standards. (3 marks)



**Year 10 Economics Performance and Living Standards Test Data Sheet**



**Source 1: Income and Wealth across Australian Households 2017-18**



*Source: ABS Survey of Income and Housing, 2017-18*

**Source 2: Income Inequality Spectrum**



**Source 3: Australia’s Income Tax Rates 2019-20**

|  |  |
| --- | --- |
| Taxable income | Tax on this income |
| 0 – $18,200 | Nil |
| $18,201 – $37,000 | 19c for each $1 over $18,200 |
| $37,001 – $90,000 | $3,572 plus 32.5c for each $1 over $37,000 |
| $90,001 – $180,000 | $20,797 plus 37c for each $1 over $90,000 |
| $180,001 and over | $54,097 plus 45c for each $1 over $180,000 |

*Source: Australian Taxation Office, July 2019*

**Source 4: Expanding its market share: Origin Chocolate goes Global**

Origin Chocolate started out in a small home kitchen in Orange in rural NSW four years ago. Chimenti founded Origin Chocolate in 2015, making chocolates at home and selling them at local farmers’ markets. As demand for the bean-to-bar chocolate grew, he began distributing nationally. He makes his chocolate from 100 per cent organic ingredients ground together using a traditional stone mill. Processing is minimal and no artificial colours or flavours are used. ‘Chocolate making in Australia really is pretty much a cottage industry at this point,’ he says. ‘There’s probably about 28 of us Australia-wide, so it’s very, very small.’

With the help of Australia’s Free Trade Agreements (FTAs), the company is selling its bean-to-bar organic chocolate into overseas markets. Currently, Origin Chocolate imports coffee beans from around the world – especially South America and the Pacific – and exports chocolates to Singapore and Malaysia. This means the company benefits directly from the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), which eliminates tariffs (a tax on imports) on Australian chocolate into those markets. ‘FTAs open up a number of opportunities and play a role in helping us identify potential markets,’ Chimenti says. Removing barriers to trade and promoting stronger commercial ties between participating nations are key benefits of FTAs. Currently, Origin Chocolate has an Australian client that has set up shop in Singapore, supplying Origin chocolates to the local market.

‘At the moment we are focussed on this customer in Singapore,’ he says. ‘They’ve got their flagship store on Orchard Road, right in the heart of Singapore, and that presents a spectrum of opportunities,’ he says. Chimenti acknowledges that exporting can be difficult, emphasising the importance of establishing credibility with new buyers while at the same time enlisting specialist help to vet potential candidates. ‘There are also challenges with e-commerce overseas, especially in the Chinese market,’ he says. ‘You’ve got firewalls in place so you need Chinese-hosted websites and that can be very, very expensive.’ Above all, he warns new exporters to consider the market they’re going into and the time and money that’s going to be involved.

Chimenti recommends establishing a profitable and sustainable business before moving forward into exporting. ‘Before considering exports, build that domestic market and analyse your business,’ he says. ‘A number of export opportunities came my way very, very early in the business and it was a little bit overwhelming initially, but it was something that I wanted to pursue. ‘There are a lot of leads out there but not all of them bear fruit. There’s no doubt you need to be persistent.’ With a distinctive brand, and a commitment to organic, fair-trade beans, Origin’s chocolate is picking up awards, including silver and bronze medals in the fine food division at Melbourne Royal Show and in an international food competition in Malaysia.

*Source: Austrade*

**Source 7: Economy v Environment**

(Published on the 6th December 2018)



*Source:* [*www.inkcict.com.au*](http://www.inkcict.com.au)

**Source 8: Living Standards: Australia v Greece - OECD Better Life Index** (published in 2017)

|  |  |  |
| --- | --- | --- |
| **Indicator** **(OECD Average)** | **Australia** | **Greece** |
| Employment*(OECD Ave: 68%)* | 73% of people aged 15 to 64 in Australia have a paid job | 54% of people aged 15 to 64 in Greece have a paid job |
| Income*(OECD Ave: US$ 32759)* | The average household net-adjusted disposable income per capita is USD 32 759 a year. | The average household net-adjusted disposable income per capita is USD 17 700 a year. |
| Education: *(OECD Ave Score: 486)* | the average student scored 502 in reading literacy, maths and science in the OECD's Programme for International Student Assessment (PISA) | the average student scored 458 in reading literacy, maths and science in the OECD's Programme for International Student Assessment (PISA) |
| Health*(OECD Ave: 80 years)* | life expectancy at birth in Australia is around 83 years | life expectancy at birth in Greece is around 82 years |
| Environment: Air Quality*(OECD Ave: 13.9 mg/m³ )* | Level of atmospheric PM2.5 (air pollutant particles that can cause damage to the lungs – 5.2 mg/m³ | Level of atmospheric PM2.5 (air pollutant particles that can cause damage to the lungs – 17.5 mg/m³ |
| Environment: Water Quality*(OECD Ave: 81%)* | 93% of people say they are satisfied with the quality of their water | 68% of people say they are satisfied with the quality of their water |

*Source: Organisation for Economic Cooperation and Development (OECD)*

**Source 6: Toyota Production System**

The Toyota Production System (TPS), which is based on the philosophy of the complete elimination of all waste in pursuit of the most efficient methods, has roots tracing back to Sakichi Toyoda's automatic loom. TPS has evolved through many years of trial and error to improve efficiency based on the Just-in-Time concept developed by Kiichiro Toyoda, the founder (and second president) of Toyota Motor Corporation.

Kiichiro Toyoda, who inherited this philosophy, set out to realize his belief that "the ideal conditions for making things are created when machines, facilities, and people work together to add value without generating any waste." He conceived methodologies and techniques for eliminating waste between operations, between both lines and processes. The result was the Just-in-Time method.

**Making only "what is needed, when it is needed, and in the amount needed"**

Producing quality products efficiently through the complete elimination of waste, inconsistencies, and unreasonable requirements on the production line. In order to fulfil an order from a customer as quickly as possible, the vehicle is efficiently built within the shortest possible period of time by adhering to the following:

1. When a vehicle order is received, production instructions must be issued to the beginning of the vehicle production line as soon as possible.
2. The assembly line must be stocked with the required number of all necessary parts so that any kind of ordered vehicle can be assembled.
3. The assembly line must replace the parts used by retrieving the same number of parts from the parts-producing process (the preceding process).
4. The preceding process must be stocked with small numbers of all types of parts and produce only the numbers of parts that were retrieved by an operator from the next process.

*Adapted from* [*https://global.toyota/en/company/vision-and-philosophy/production-system/*](https://global.toyota/en/company/vision-and-philosophy/production-system/)

**Source 5: Australia’s Macroeconomic Indicators 2016-2019**

*Source:* [*https://tradingeconomics.com/australia/indicators*](https://tradingeconomics.com/australia/indicators)

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| **Marking key** |
| **Section 1: Multiple Choice** |
| **Question** | Answer | Marks |
| 1 | D | 1 |
| 2 | D | 1 |
| 3 | B | 1 |
| 4 | B | 1 |
| 5 | C | 1 |
| 6 | D | 1 |
| 7 | C | 1 |
| 8 | B | 1 |
| 9 | A | 1 |
| 10 | B | 1 |
| **Subtotal** | 10 |
| **Section 2: Short Answer** |
| **Description** | Marks |
| Question 11 |
| 1. State the length of time that Origin Chocolate been operating as a business.
 |
| Four years (i.e. founded in 2015) | 1 |
| Subtotal | **1** |
| 1. Explain why chocolate making in Australia has been described as a ‘cottage industry’ at this point.
 |
| Only a few manufacturers – 28 in total | 1 |
| Market share is relatively small – due to local supply chains | 1 |
| Subtotal | **2** |
| 1. Explain why Origin Chocolate has been able to expand its market share.
 |
| Identifies Free Trade Agreements (FTAs) as an opportunity to expand to new markets | 1 |
| Identifies ONE benefit of an FTA – (i.e. removing barriers to trade, promoting stronger commercial ties between participating nations) | 1 |
| Subtotal | **2** |
| d) Describe the challenges that Origin Chocolate has endured whilst expanding its market share. |
| Importance of establishing credibility with new buyers  | 1 |
| Challenges with e-commerce – Firewalls in place (i.e. China only allow Chinese hosted websites) | 1 |
| Enlisting specialist help to vet potential candidates | 1 |
| Very resource intensive – significant investment in time and money | 1 |
| Subtotal | **4** |
| e) Outline FOUR other business opportunities that Origin Chocolate could take advantage of to ensure it is a profitable and sustainable business. |
| One mark for each relevant business opportunity identified (x4) | 1 |
| Subtotal | **4** |
| Possible answers might include:* Improving its levels of customer service
* Improving supply chains to reduce per unit costs
* Revisiting distribution channels to increase product/service exposure
* Product differentiation to boost market share
* Pricing strategies
 |  |
| **Description** | Marks |
| Question 12 |
| 1. According to the cartoon, are businesses concerned with protecting the environment? Justify your response with use of examples.
 |
| The student identifies that the business is not concerned with the environment and uses s evidence from the cartoon to support this claim. | 2 |
| The student identifies that the business is not concerned with the environment | 1 |
| Subtotal | **2** |
| **Description** | Marks |
| 1. Using a relevant example, describe the relationship that exists between the levels of education and training, employment and potential for economic growth
 |
| The student makes clear links between the importance of education/training and the likeliness of finding employment resulting in higher incomes, spending and the need for an economy to produce higher outputs (resulting in economic growth) | 3 |
| The student makes some links between the importance of education/training and the likeliness of finding employment resulting in a higher standard of living for individuals | 2 |
| The student makes a link between the importance of education and employability | 1 |
| Subtotal | **3** |
| **Description** | Marks |
| 1. With reference to the sources, outline and explain the reasons why there is a considerable difference in living standards between nations around the world.
 |
| Levels of education (key to improving chances of employment) | 1 |
| Access to health facilities – impacting on life expectancy (i.e. population per doctor) | 1 |
| Relative wages (compared to cost of living) – Annual Income | 1 |
| Environmental factors – air and water quality | 1 |
| Subtotal | **4** |
| **Description** | Marks |
| 1. Outline and explain the ways that the government manages the economy to improve:
 |
| Economic performance |  |
| The student provides two or more government policies/actions used to manage the economy including the impact of these actions on the macroeconomy | 3 |
| The student provides two or more government policies/actions used to manage the economy | 2 |
| The student provides one government policies/actions used to manage the economy  | 1 |
| Living Standards |  |
| The student provides two or more government policies/actions used to improve living standards including the impact of these actions on individuals | 3 |
| The student provides two or more government policies/actions used to improve living standards | 2 |
| The student provides one government policies/actions used to improve living standards | 1 |
| Subtotal | **6** |
| Total | **38** |