



South Australian
Certificate of Education

Economics

2021 Sample paper 1

Question booklet 2

- Questions 3 and 4 (35 marks)
- Answer **all** questions
- Write your answers in this question booklet
- You may write on page 8 if you need more space
- Allow approximately 65 minutes

2

SAMPLE

The external assessment requirements of this subject are listed on page 9.

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Copy the information from your SACE label here

SEQ	FIGURES	CHECK LETTER	BIN
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3. The government of Country A is concerned about the growing cost of healthcare resulting from excessive sugar consumption. The government has asked the Department of Health to investigate whether sugar consumption in Country A exceeds the maximum levels recommended by world health experts. Additionally, the department has been asked to investigate the relationship between soft-drink consumption and health problems in adults.

(a) An extract from the findings of the Department of Health is shown below.

Figure 1: Calories from sugar for females 2 years and over, 2019 (%)

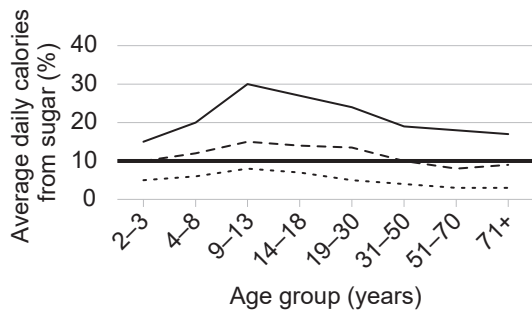


Figure 2: Calories from sugar for males 2 years and over, 2019 (%)

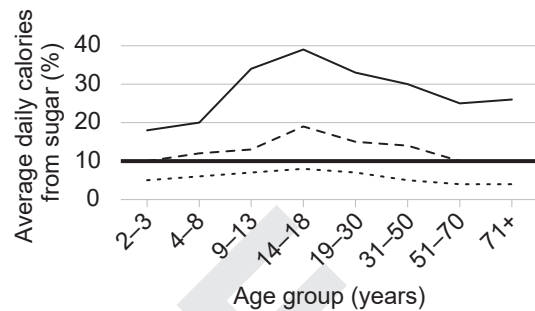


Figure 3: Calories from sugar for adults 1950–2019 (%)

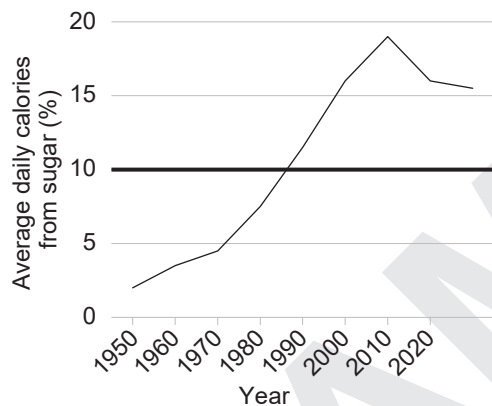
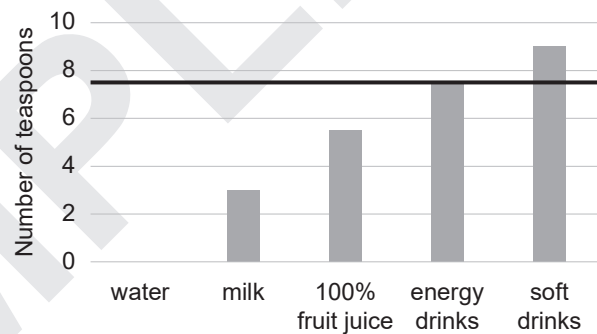


Figure 4: Average number of teaspoons of sugar per 250 mL of beverage, 2019



Key: — 90th percentile - - - median ····· 10th percentile — recommended daily maximum

Figure 5: Sources of added sugar consumed, on average, by adults in Country A, 2019

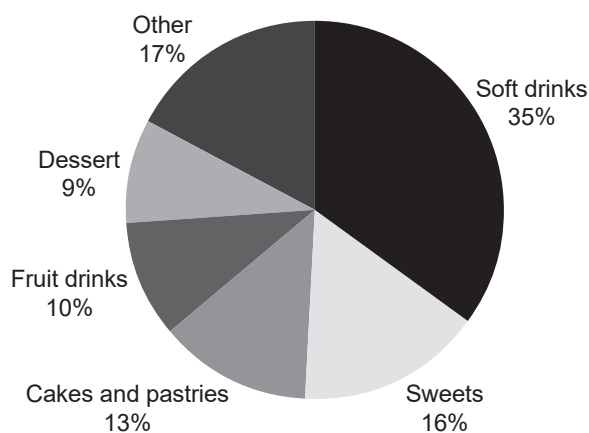
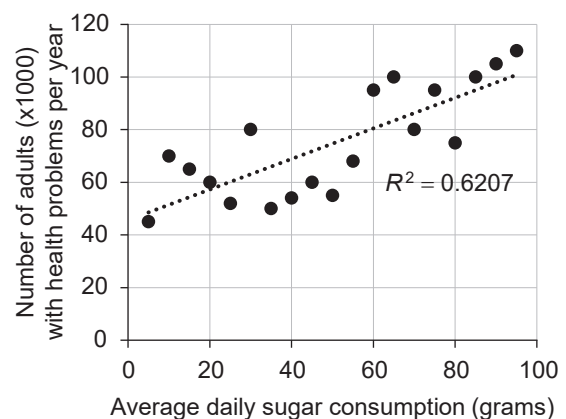


Figure 6: Relationship between average daily sugar consumption and health problems in adults, 2019



- (i) 'Figure 1 and Figure 2 show that there are both similarities and differences in the calories obtained from sugar for females and males.'

Evaluate this statement.

(4 marks)

- (ii) Comment on the information that the R^2 value in Figure 6 provides about the relationship between sugar consumption and health problems in adults.

(3 marks)

- (iii) 'The data and statistics in Figure 1 to Figure 6 support a case for the government of Country A to implement a policy that specifically targets soft-drink consumption.'

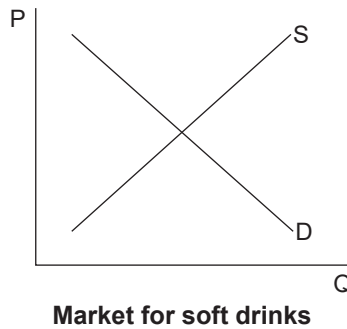
Evaluate this statement.

(4 marks)

(b) The government of Country A, in response to claims that negative consumption externalities were causing market failure, decided to intervene in the soft-drink market. It considered two strategies:

- imposing a tax on soft drinks
- providing a subsidy to producers of healthier drinks.

(i) On the diagram below, show the likely effect of imposing a tax on soft-drink producers.



(1 mark)

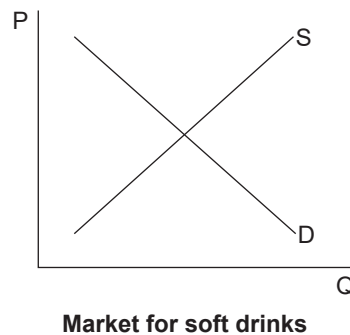
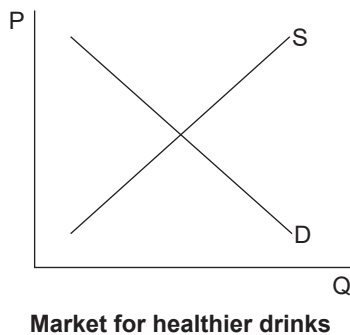
(ii) (1) Explain the likely price elasticity of demand for soft drinks in the short run.

(3 marks)

(2) Examine *one* impact of your answer to part (ii)(1) on the possible effectiveness of a tax on soft drinks.

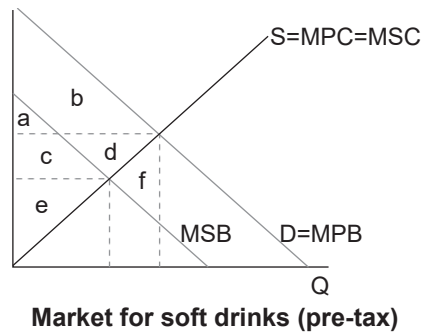
(2 marks)

(iii) On the diagrams below, show the likely effect of a subsidy to producers of healthier drinks.



(2 marks)

- (c) The government of Country A chose the strategy of imposing a tax on soft drinks. Refer to the labelled areas in the model below to assess the government's rationale for imposing a tax on soft drinks.



(4 marks)

- (d) Three corporations dominate the soft-drink market in Country A. Using at least *two* examples, explain how the structure of the soft-drink market can meet the needs of consumers.

(4 marks)

4. The government of Country A is reviewing all aspects of its economic management and has decided to compare its economic conditions to those of a major trading partner, Country B.

Country A			Country B		
Leakages		Injections	Leakages		Injections
S = 50	Financial sector	I = 40	S = 90	Financial sector	I = 50
T = 30	Government sector	G = 50	T = 80	Government sector	G = 100
M = 70	Overseas sector	X = 45	M = 110	Overseas sector	X = 130

S = savings T = taxation M = imports I = investment G = government X = exports

- (a) Explain why planned savings and planned investment are unlikely to be equal.

(2 marks)

- (b) Compare and contrast the circular-flow information for both countries. In your response, refer to:

- the impact of different sectors on each economy
- the achievement or non-achievement of equilibrium in each economy
- predicted changes in each economy.

(6 marks)

2021 SAMPLE ECONOMICS PAPER

The purpose of this sample paper is to show the structure of the 2021 Stage 2 Economics examination and the style of questions that may be used. The following extract is from the 2021 subject outline for Stage 2 Economics:

EXTERNAL ASSESSMENT

Assessment Type 3: Examination (30%)

Students undertake a 130-minute written examination.

In the examination, students apply their economic thinking to analyse and respond to one or more economic scenarios.

Students demonstrate economic thinking by applying economic inquiry skills, knowledge, and understanding of economic concepts, principles, and models in the analysis of and response to economic scenarios.

The examination consists of short-answer questions, open-ended questions, responses to stimuli, and extended-response questions. It draws on all skills, knowledge, and understanding of economic thinking from the core topic:

- economic inquiry skills
- data analysis
- microeconomics
- macroeconomics.

For this assessment type, students provide evidence of their learning primarily in relation to the following assessment design criteria:

- understanding — U1
- application — A1, A2, A3
- analysis and evaluation — AE1, AE2.

Source: 2021 Economics Subject Outline, Stage 2, on the SACE website, www.sace.sa.edu.au

