

NCEA Review and Maintenance Programme – 2026 updates

Review and maintenance work has been undertaken for all three levels of NZC NCEA for 2026. This pdf document contains the updated assessment materials for **Economics Level 2**. In January 2026 the NCEA website will be updated with these changes for Level 1, and the pdf version will be removed as it will no longer be necessary. For Levels 2 and 3, assessment materials will be updated on TKI in January. For external assessment specifications, refer to the NZQA website.

Subject: Economics Level 2

Product	What's changed?
AS2.6b AS91227 Internal Assessment Activity	Over scaffolding in Assessment Schedule addressed, some exemplification removed for clarity.

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National Certificate of Educational Achievement
TAUMATA MĀTAURANGA Ā-MOTU KUA TAEA

Internal Assessment Resource Economics Level 2

This resource supports assessment against:

Achievement Standard 91227 version 3

Analyse how government policies and contemporary economic issues interact

Resource title: Growth and the Environment

6 credits

This resource:

- Clarifies the requirements of the standard
- Supports good assessment practice
- Should be subjected to the school's usual assessment quality assurance process
- Should be modified to make the context relevant to students in their school environment and ensure that submitted evidence is authentic

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To support internal assessment from 2026

Authenticity of evidence

Teachers must manage authenticity for any assessment from a public source, because students may have access to the assessment schedule or student exemplar material.

Using this assessment resource without modification may mean that students' work is not authentic. The teacher may need to change figures, measurements or data sources or set a different context or topic to be investigated or a different text to read or perform.

Internal Assessment Resource

Achievement Standard Economics 91227: Analyse how government policies and contemporary economic issues interact

Resource reference: Economics 2.6B v3

Resource title: Growth and the Environment

Credits: 6

Teacher guidelines

The following guidelines are designed to ensure that teachers can carry out valid and consistent assessment using this internal assessment resource.

Teachers need to be very familiar with the outcome being assessed by Achievement Standard Economics 91227. The achievement criteria and the explanatory notes contain information, definitions, and requirements that are crucial when interpreting the standard and assessing students against it.

Context/setting

This activity requires students to carry out an economic analysis that presents at least three sustainable growth policies that will significantly increase New Zealand's economic growth (and so close the income gap between NZ and Australia).

Conditions

You will need to determine how long students need to complete the task and what processes they will follow. These will need to be clearly outlined in the student instructions. Students must work individually on their reports, although the research component could be completed with a group.

Resource requirements

Useful links:

Economic growth Agenda:

http://www.med.govt.nz/templates/Page_44545.aspx

Inflation:

www.rbnz.govt.nz

Internal Assessment Resource

Achievement Standard Economics 91227: Analyse how government policies and contemporary economic issues interact

Resource reference: Economics 2.6B v3

Resource title: Growth and the Environment

Credits: 6

Achievement	Achievement with Merit	Achievement with Excellence
Analyse how government policies and contemporary economic issues interact.	Analyse in depth how government policies and contemporary economic issues interact.	Analyse comprehensively how government policies and contemporary economic issues interact.

Student instructions

Introduction

This assessment activity requires you carry out an economic analysis that presents at least three sustainable growth policies that will significantly increase New Zealand's economic growth (and so close the income gap between NZ and Australia).

You will present the economic analysis in a mode of your choice. Check with your teacher to see if they believe the mode you have chosen is viable.

You will be assessed on the quality of your explanations, and on your justification for the combination of government policies that would achieve economic growth while minimising the negative flow-on effects on inflation and employment.

This is an individual task and you have [insert time] weeks of in- and out-of-class time to complete this activity.

Task

Research and analyse at least three sustainable growth policies.

Note: If policies have negative flow-on effects on inflation and/or employment, you must include additional policies that will minimise the negative effects without dramatically affecting the economic growth goal.

Include the following elements in your analysis:

- An explanation of sustainable economic growth.
- An economic analysis for EACH of the economic growth policies that:
 - illustrates the effect of the policy on an appropriate economic model, for example, AS/AD
 - explains how the policy will impact on economic growth (now and sustainably into the future)

- integrates the changes shown on the economic model into explanations about the policy.
- An economic analysis for inflation that:
 - illustrates the combined flow-on effects, on inflation, of your growth policies using an appropriate economic model
 - explains how the policies will impact on inflation
 - integrates changes shown on the economic model into explanations about the flow-on effects on inflation.

If the growth policies have a negative effect(s) on inflation, identify and fully explain a policy that could be added that would minimise the negative effect(s) without significantly affecting the growth objective.

- An economic analysis for employment that:
 - illustrates the combined flow-on effects, on employment, of your growth policies using an appropriate economic model
 - explains how the policies will impact on employment
 - integrates changes shown on the economic model into explanations about the flow-on effects on employment.

If the growth policies have a negative effect(s) on employment, identify and fully explain a policy that could be added that would minimise the negative effect(s) without significantly affecting the growth objective.

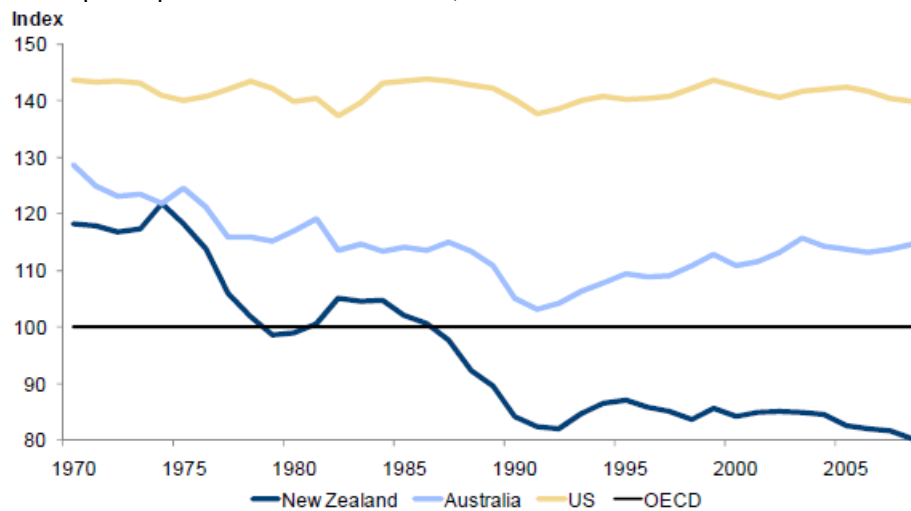
- A summary of your analysis. Using an economic model, fully explain how the combination of government policies will achieve the assessment goal of significant and sustainable economic growth, and minimise any negative flow-on effects on inflation and employment.

When you have completed your report, hand it in to your teacher.

Resource A:

1. Closing the gap

Figure 1: GDP per capita relative to the OECD, 1970 - 2008



Source: OECD, OECD = 100, current prices and PPPs

"Over the last four decades, living standards in New Zealand have fallen far behind those in Australia. The gap is large. Measured in terms of real Gross Domestic Product (GDP), average Australian incomes are around 35 percent higher than those in New Zealand. For a family of four, that gap is worth around \$64,000 a year.

The gap matters. Being poorer means those of us living here have fewer choices than our peers in Australia do. And more and more of our friends and families have chosen to leave New Zealand for the better opportunities, higher incomes, and richer range of choices abroad – a net 260,000 New Zealanders have left in the last 10 years alone, mostly to Australia.

The Prime Minister has articulated his vision of closing the gap with Australia by 2025.

We share that vision. New Zealand has vast potential: strong institutions, hardworking and creative people, a degree of trust and integrity second to none in the world, and abundant natural resources. So of course the gap can be closed. But it won't close of its own accord. And if nothing is done the gap could get worse, with increasingly serious long-term implications for our country's future. Starting from here, closing the gap will require far-reaching policy reforms. That will take bold courageous leadership over at least the next decade."

Source - [Answering the \\$64,000 Question - Closing the income gap with Australia by 2025 - Summary Report - November 2009](#)

2. Sustainable development

Sustainable development requires that actions being taken by the present decision-makers do not diminish the prospects of future persons to enjoy levels of consumption, wealth, utility, or welfare comparable to those enjoyed by present population.

Historically there has been a close correlation between economic growth and environmental degradation: as communities grow, so the environment declines. Unsustainable economic growth has been starkly compared to the malignant growth of a cancer because it eats away at the Earth's ecosystem services, which are its life-support system. There is concern that, unless resource use is checked, modern global civilization will follow the path of ancient civilizations that collapsed through overexploitation of their resource base.

Conventional economics is concerned largely with economic growth and the efficient allocation of resources (measured by [in part] maximising profits). However, sustainable economic analysis takes greater account of the social and environmental consequences of growth strategies. These economics emphasise the use of growth strategies and technology that break the link between economic growth and environmental damage and resource depletion, and are equitable, i.e. positive and negative effects of growth are fairly allocated.

Source - http://en.wikipedia.org/wiki/Sustainability#cite_ref-106

Assessment schedule: Economics 91227 Growth and the Environment

Evidence/Judgements for Achievement	Evidence/Judgements for Achievement with Merit	Evidence/Judgements for Achievement with Excellence
<p>At the Achieved level, the student is able to:</p> <ul style="list-style-type: none"> describe government policies that achieve specific policy objectives relating to a contemporary economic issue explain the direct impact of government policies on one contemporary economic issue using an economic model explain the flow-on effects of government policies on two other contemporary economic issues using an economic model. <p>Example of possible student response</p> <ul style="list-style-type: none"> The student has described two different fiscal policies, such as reducing income tax and increasing Government spending, with the objective of significant sustainable growth to address the income gap issue between Australia and New Zealand. The student has used the Aggregate Demand and Aggregate Supply model (AD/AS) to explain the direct impact of lowering income tax and increasing Government spending in relation to sustainable economic growth, to support their explanation. The explanation refers to a component of AD or AS increasing. <p><i>e.g. Lowering personal income tax will increase consumption and aggregate demand, and result in more growth. Increased spending by the government will also increase AD and create growth. This will lead to</i></p>	<p>At the Merit level, the student is able to:</p> <ul style="list-style-type: none"> explain in detail the direct impact of government policies on a contemporary economic issue using an economic model(s) explain in detail the flow-on effects of government policies on two other contemporary economic issues using an economic model(s). <p>Example of possible student response</p> <ul style="list-style-type: none"> The student has used the AD/AS model to explain in detail the direct impact of policies, such as reducing income tax and increasing Government spending on sustainable economic growth. The explanations include a reason for a specific component of AD or AS increasing and explains why or how the environmental impact of the policies can be minimised. <p><i>e.g. Lowering personal income tax will increase disposable incomes so consumers will be able to spend more, increasing consumption (C), AD and further growth. Increased government spending (G) results in increased government expenditure on goods and services, increasing AD and real GDP. The spending on new infrastructure, such as roads and ports, will lower production costs for transport which will result in an increase in AS. Due to greater spending, growth and employment, the Government will receive</i></p>	<p>At the Excellence level, the student is able to:</p> <ul style="list-style-type: none"> justify a combination of government policies that achieves specific policy objectives related to a contemporary economic issue, and minimises any negative flow-on effects on two other contemporary economic issues integrate changes shown on economic models into detailed explanations of direct impacts and flow-on effects of government policies. <p>Example of possible student response</p> <ul style="list-style-type: none"> The student has justified why the combination of these policies will contribute to sustainable economic growth, and comprehensively explained the flow-on effects of the government growth policies on inflation and employment. The student identifies additional policies and justifies them by explaining how they would minimise any negative flow-on effects on inflation and employment. The student has integrated changes shown on the AD/AS model when explaining changes in AD, AS, growth, inflation and employment. The explanations include reasons for specific components of AD and AS increasing and incorporates specific graph references. <p><i>e.g. By lowering taxes, the government is increasing disposable income, which will result in an increase in consumption (C). Increased government spending (G) results in</i></p>

<p><i>resource depletion and more carbon emissions and pollution so the growth may not be sustainable in the long term unless other policies are implemented.</i></p> <ul style="list-style-type: none"> The student has explained the flow-on effects of lowering income tax and increasing Government spending on inflation and employment using the AS/AD model. <p><i>The example above relates to only part of what is required and is indicative only</i></p>	<p><i>greater GST and corporate tax revenue which can be spent on implementing policies which will reduce the environmental impact of a growing economy, such as resource depletion, carbon emissions and polluted waterways. Hence the growth can be sustainable in the long term.</i></p> <ul style="list-style-type: none"> The student has explained in detail the flow-on effects of the government growth policies on inflation and employment using the AS/AD model. The increase in employment is linked to the increase in real GDP. <p><i>The example above relates to only part of what is required and is indicative only</i></p>	<p><i>increased government expenditure on goods and services. Both of these policies result in an increase in AD to AD1 (shift right) with PL to PL1 and Y to Y1. The increased government spending on new infrastructure, such as roads and ports, will lower production costs for transport and increase profitability for producers, resulting in an increase in AS to AS1 (shift right) and PL1 to PL2 and Y1 to Y2. Because both curves shift right, there is significant growth and PL will remain about the same, therefore easing the inflationary pressure caused by the demand side policies, so there is no need of an additional policy to minimise negative flow-on effects on inflation. There will be increased use of resources, as more production needs more inputs so we would have a bigger ecological footprint. The production processes also typically emit pollutants, such as carbon dioxide into the air, or pollutants from the processes into our waterways.</i></p> <p><i>On the other hand, as New Zealand becomes wealthier due to higher levels of GDP, more resources are available to address environmental issues. The government has more tax revenue so they can afford to implement environmental policies, and consumers can afford to pay the higher prices that result from the requirement to meet more stringent emission standards. Hence the growth can be sustainable in the long term.</i></p> <p><i>The example above relates to only part of what is required and is indicative only</i></p>
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Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the Achievement Standard