NCEA Review and Maintenance Programme – 2027 updates

Review and maintenance work has been undertaken for NZC NCEA for 2027. This pdf document contains the updated assessment materials for **Economics Level 2**. In January 2027, Levels 2 and 3 assessment materials will be updated on TKI. For external assessment specifications, refer to the NZQA website.

Subject: Economics
Level 2

Product	What's changed?
AS2.6a 91227 Internal Assessment Activity	Links updated. Assessment task and schedule reworked.
AS2.6b 91227 Internal Assessment Activity	Links updated and assessment schedule reworked.

Contents

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: When Jupiter Aligns with Mars

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

Date version published by Ministry of Education	January 2027 Version 3 To support internal assessment from 2027
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 2.6A v3

Resource title: When Jupiter Aligns with Mars

Credits: 6

Teacher guidelines

The following guidelines are designed to ensure that teachers can carry out a 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 government policies aimed at lifting the economy out of recession without jeopardising the policy objective of price stability.

It is expected that students will be familiar with economic policies relating to inflation, economic growth, and international trade before using this assessment resource.

Conditions

Teachers will need to determine how long students need to complete each task and what processes they will follow. These will need to be clearly outlined in the student instructions following.

Resource requirements

The students will need to research and use relevant published material. which can be obtained from a variety of sources such as text books, websites, news stories or articles.

Some useful websites are:

- www.rbnz.govt.nz
- www.mfat.govt.nz
- www.mbie.govt.nz
- www.rnz.co.nz
- http://www.nzherald.co.nz
- www.tvnz.co.nz
- www.interest.co.nz.

Internal Assessment Resource

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

Resource reference: Economics 2.6A v3

Resource title: When Jupiter Aligns with Mars

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 to carry out an economic analysis of the impacts of government policies on the economic issue of inflation. You will also analyse the flow-on effects of these policies on the other economic issues of international trade and economic growth.

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 your justification for the combination of government policies. Your justification should show how the policies would achieve price stability objectives and minimise any negative flow-on effects on economic growth and international trade.

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 government policies.

Include the following elements in your analysis.

- An introduction that describes the price stability objectives of government policies in relation to inflation. This should include key facts that describe how monetary policy and one other different type of Government policy can achieve price stability objectives.
- A detailed explanation of the direct impact of monetary policy on inflation by integrating changes shown on the AS/AD and the Foreign Exchange Market models to explain the impact on your policy objectives related to inflation. Then integrate the changes shown on the AS/AD model into explanations of the flow-on effects on economic growth and integrate the changes shown on the FOREX

market model into explanations of the flow-on effects on international trade.

- A detailed explanation of the direct impact of your alternative government policy on inflation. You will need to show the changes this would cause using an appropriate economic model(s) and link this into your explanation. Then integrate the changes shown on the model (s) into explanations of the flow-on effects on economic growth and international trade.
- Justify a combination of policies that the government could introduce to achieve the original objectives relating to inflation and minimise the negative flow-on effects that the policies may have on economic growth and international trade.

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

Assessment schedule: Economics 91227 When Jupiter Aligns with Mars

Evidence/Judgements for Achievement	Evidence/Judgements for Achievement with Merit	Evidence/Judgements for Achievement with Excellence
At the Achieved level, the student is able to: • 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(s) • explain the flow-on effects of government policies on two other contemporary economic issues using an economic model(s). **Example of possible student response** • The student has described the current price stability objective of 1-3% inflation over the medium term, with a further objective on keeping future average inflation near the 2% target midpoint. They have described how a tight monetary policy can achieve these objectives. The student has described another type of government policy, such as contractionary fiscal policy, which can achieve the objectives of price stability relating to inflation. • The student has explained how increasing the OCR can achieve price stability by increasing interest rates and explained one mechanism for this to impact on the economy, using the AD/AS model and/ or FOREX market model to support this. The student has explained the direct impact of the alternative type of government policy on price stability and used an economic model(s) to support their explanation. *e.g.* *Increasing the OCR will cause interest rates to rise. This will encourage saving and result in decreased*	**At the Merit level, the student is able to:** • explain in detail the direct impact of government policies on one 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). **Example of possible student response** • The student has explained in detail how increasing the OCR can achieve price stability by increasing interest rates and explained at least two impacts on AD (or at least one impact on AD and one impact on AS). They have used the AD/AS model and the FOREX model to support their explanations. The student has explained in detail the direct impact of the alternative government policy on price stability and used an economic model to support their explanation. *e.g.* *The OCR is the overnight settlement account rate charged by the Reserve Bank to the major registered banks. If this is increased, it allows the banks to raise the rates they charge in the public markets. High interest rates impact on AD because they encourage saving, resulting in decreased consumption. The cost of borrowing will also be higher which will discourage investment. Higher interest rates cause the exchange rate to rise because there is an increased level of overseas investment in NZ which increases the demand for the NZ dollar (D$NZ). This makes exports less competitive. All of this results in a fall in AD, decreasing inflation so that it falls below the 3%*	**At the Excellence level, the student is able to:** • justify a combination of government policies that achieves specific policy objectives relating to one 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. **Example of possible student response** • The student has explained in detail how increasing the OCR can achieve price stability by increasing interest rates, and explained at least two impacts on AD, (or at least one impact on AD and one impact on AS). They have shown the changes on the AS/AD model and the FOREX model and integrated these changes into their explanations. The student has explained in detail the direct impact of the alternative government policy on price stability and has shown the changes on an appropriate economic model and integrated these changes into the explanations. *e.g.* *The OCR is the overnight settlement account rate charged by the Reserve Bank to the major registered banks. If this is increased, the cost for the registered bank credit is higher which allows the banks to raise the rates they charge in the public markets. High interest rates impact on AD because they encourage saving, resulting in decreased consumption as the opportunity cost of spending increases. The cost of borrowing will also be higher which will discourage firms from investment. Higher interest rates cause the exchange rate to rise because there is an*

consumption, so Aggregate Demand will fall. This will decrease inflation so that it falls below the 3% threshold. Or higher interest rates will cause the exchange rate to rise which makes exports less competitive, decreasing exports so AD also decreases. This will decrease inflation so that it falls below the 3% threshold (and goes on to explain an alternative type of government policy). *The example above relates to only part of what is required and is indicative only* • The student has explained the flow-on effects of tight monetary policy on international trade. This is supported by their FOREX market model. The student has explained the flow-on effect of a tight monetary policy on economic growth and has used the AD/AS model to support their explanation. The student has explained, using economic model(s), the flow-on effects of their alternative government policy on international trade and economic growth.	*threshold (and goes on to explain in detail an alternative type of government policy).* *The example above relates to only part of what is required and is indicative only* • The student has explained in detail the flow-on effect of increasing the OCR on international trade, including the balance on goods in the current account. This is supported by the change shown in their FOREX market model. The student has explained in detail the flow-on effect of increasing the OCR on economic growth and has used the AD/AS model to support their explanation. The student has explained in detail, using economic model(s), the flow-on effects of their alternative government policy on international trade and economic growth.	*increased level of overseas investment in NZ which increases the demand for the NZ dollar, shifting right from Dnz$1 to Dnz$2, ad appreciating the exchange rate from Er1 to Er2. This makes exports less competitive as NZ goods become more expensive for overseas buyers, reducing their demand. Declining C, I, and X results in a fall in AD, shifting left from AD to AD1, decreasing inflation so that it falls below the 3% threshold. This is shown by the price level falling for PL1 to PL2 (and goes on to comprehensively explain an alternative type of government policy).* *The example above relates to only part of what is required and is indicative only* • The student has used the FOREX market model to explain in detail the impact of increasing interest rates on international trade, including the impact on exports, imports, the balance on goods, and the current account. Changes shown on the FOREX model have been integrated into their explanations. The student has explained in detail the flow-on effects of increasing the OCR on economic growth, integrating changes shown on the AS/AD model into their explanations. The student has explained in detail, using economic model(s), the flow-on effects of the alternative government policy on international trade and economic growth. • The student has justified a policy mix by explaining in detail how they would achieve the original policy objectives relating to inflation and also minimise the negative flow-on effects on economic growth and international trade.

Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the Achievement Standard.

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

Date version published by Ministry of Education	January 2027 Version 4 To support internal assessment from 2027
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 v4

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 v4

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.

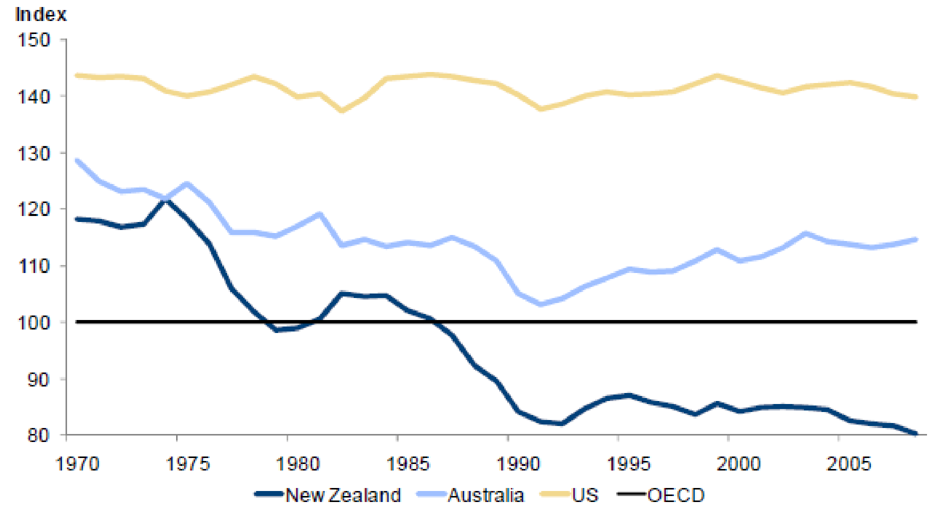
- A summary of your analysis. Using an economic model, fully explain how the combination of government policies will achieve the assessment goal of significant and sustainable economic growth, and minimise any negative flow-on effects on inflation and employment.

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
At the Achieved level, the student is able to: • 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(s) • explain the flow-on effects of government policies on two other contemporary economic issues using an economic model(s). **Example of possible student response** • The student has described two government policies such as lowering interest rates (expansionary monetary policy) as well as increasing government expenditure on infrastructure (expansionary fiscal policy). The student description includes the policy objective of sustainable economic growth and relates this to the wider economic issue of income gap difference between Australia and New Zealand. *e.g. Lowering interest rates and increasing government spending on infrastructure both support the objective of sustainable economic growth. When interest rates are lowered, borrowing becomes cheaper, which encourages households to spend more and businesses to invest, increasing overall economic activity and job creation. At the same time, higher government expenditure on infrastructure, such as*	**At the Merit level, the student is able to:** • 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). **Example of possible student response** • The student has used the AD/AS model to explain in detail the direct impact of policies, such as lowering interest rates and increasing Government spending on infrastructure for sustainable economic growth. *e.g. Lowering interest rates and increasing government spending on infrastructure both contribute to sustainable economic growth by shifting aggregate demand (AD) and improving aggregate supply (AS), which can help reduce the income gap between New Zealand and Australia.* *Using the AD/AS model, a decrease in interest rates increases consumption (C) and investment (I), as borrowing becomes cheaper for households and firms. This leads to a rightward shift of the AD curve ($AD_1 \rightarrow AD_2$). In the short run, this results in higher real GDP and increased employment, as firms respond to higher demand by expanding production. As employment rises,*	**At the Excellence level, the student is able to:** • 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. **Example of possible student response** • 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. *e.g. Lowering interest rates and increasing government spending on infrastructure is an effective policy mix because it simultaneously stimulates aggregate demand while expanding productive capacity. This allows New Zealand to reduce the income gap with Australia without creating significant macroeconomic imbalances.* *Using the AD/AS model, lower interest rates increase consumption and investment, shifting AD right ($AD_1 \rightarrow AD_2$), while infrastructure spending further reinforces this*

transport and communication systems, creates jobs in the short term and improves productivity in the long term by making it easier and more efficient for businesses to operate. Together, these policies help the economy grow in a sustainable way. This is important for addressing the economic issue of the income gap between Australia and New Zealand, as stronger growth in New Zealand can lead to higher incomes and improved living standards. • The student has used the Aggregate Demand and Aggregate Supply model (AD/AS) to explain the direct impact of lowering interest rates and increasing Government spending in relation to sustainable economic growth, to support their explanation. The explanation refers to the AD shifting right because of more consumption, resulting in real GDP increases and employment increases. • 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. *The example above relates to only part of what is required and is indicative only*	*household incomes increase, which directly contributes to narrowing the income gap with Australia by lifting average income levels in New Zealand.* *Similarly, increased government spending on infrastructure is a component of AD (G), so it also causes a rightward shift in AD. In the short run, this creates jobs and boosts income through the multiplier effect, further increasing national income. This is particularly significant for reducing the income gap, as higher aggregate income translates into improved wages and living standards relative to Australia.* *However, infrastructure spending also affects the aggregate supply side of the economy. Investment in transport, digital networks, and energy systems reduces business costs and improves productivity. This leads to a rightward shift of the aggregate supply curve increasing the economy's productive capacity. As productivity rises, firms can produce more output at lower costs, which supports sustained increases in real GDP without causing significant inflation.* • 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. *The example above relates to only part of what is required and is indicative only*	*demand-side expansion. This leads to higher real GDP and employment in the short run, increasing household incomes and helping close the income gap. However, relying solely on demand-side policies would risk demand-pull inflation, as the economy approaches full capacity.* *The inclusion of infrastructure spending justifies this policy combination because it also shifts aggregate supply right by improving productivity and reducing business costs. This means that as AD increases, output can expand without the same upward pressure on the price level. As a result, sustained growth in real GDP leads to structural increases in wages and living standards, rather than temporary gains, making progress toward closing the income gap more durable.* *This combination of policy minimises negative impacts on the issue of inflation stability. Expansionary monetary policy alone could overheat the economy, but when paired with supply-side improvements, the increase in productive capacity absorbs some of the inflationary pressure maintaining price stability. The combination of monetary policy and fiscal policy in ways which complement each other justifies the strategic choice of government policies.* • 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. *The example above relates to only part of what is required and is indicative only*

Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the Achievement Standard.