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 2025. It also provides further insights from moderation material viewed throughout the year and outlines the Assessor Support available for Economics. Please note this report does not introduce new criteria, change the requirements of the standard, or change what we expect from assessment.

Insights

91225: Analyse unemployment using economic concepts and models

Performance overview:

In addition to identifying, defining, or describing unemployment concepts, at least two causes of changes in unemployment need to be explained using at least two economic models. Submissions in 2025 that were successful used the AS-AD model with a Yf line to indicate resource use and an explanation of the recessionary/deflationary gap (Y-Yf), or a Labour Market Model with a Wmin line to indicate changes in employment (E), involuntary unemployment (IU), and voluntary unemployment (VU) for both causes.

For Merit, when using the Labour Market Model reasons for changes in E, IU, and VU included (for example) if minimum wage increases, VU would increase because people would be more willing to work as the opportunity cost of not working would increase, or E would decrease because employers can’t afford to pay higher minimum wages and would lay people off.

For Excellence, when the causes of changes in unemployment were compared and/or contrasted, explanations included how and why the causes had a similar and/or different or smaller than/larger than impact on unemployment. Changes on the models used for the two causes were integrated into these detailed explanations by referring to the different and/or similar shifts of the curves and sizes of E, IU, and VU on the labour market models and Y-Yf on the AS-AD models.

In addition, impacts of changes in unemployment on various groups in New Zealand society were explained. This was generally done well for Achieved and Merit grades. Models are not required to support explanations of the impacts of changes in unemployment on various groups for Achieved and Merit.

Practices that need strengthening:

Some submissions used a Labour Market model for one cause of changes in unemployment and another model such as the AS-AD model with a Yf line for the second cause of changes in unemployment. While this would be valid for Achieved and Merit, it would make it difficult to compare and/or contrast the changes in employment and unemployment, and it would not be possible to compare and/or contrast changes in IU and VU if the Labour Market model was used for only one cause and the AS-AD model for another cause.

When using the AS-AD model, a Yf line and recessionary gap should be included, otherwise the model would not be illustrating changes in unemployment. Explaining changes in output (real GDP) and references to changes in Y-Y1 means the focus is on changes in growth instead of the changes in employment/unemployment.

When explaining impacts of changes in unemployment on various groups in NZ society, the focus should be on flow-on effects of changes in unemployment. Grade changes were made when the evidence included flow-on effects of the cause(s) of changes in unemployment rather than the flow-on effects of the changes in unemployment. The explanation should include economic and social impacts of the changes in unemployment resulting from the cause(s) on different households, e.g. young and old workers, or alternatively on households and businesses.

For Excellence, when comparing and/or contrasting the impacts of changes in unemployment on various groups in New Zealand society, changes on models showing the different and/or similar impacts on the groups should be integrated into these detailed explanations. The choice of model should fit the discussion. It would not be appropriate to use the AS-AD model to support an explanation of economic impacts of changes in unemployment for small groups such as young vs old people in a rural town or comparing workers in a rural town with workers in a large city. In these examples, labour market models would be more suitable. Also, there is not an appropriate level 7 economic model to use to support an explanation of social impacts, e.g. stress on various groups. For these reasons, it would be sufficient to use one type of model for two groups, such as the labour market model to compare and/or contrast the economic impacts of changes in unemployment on various groups in NZ society.

91227: Analyse how government policies and contemporary economic issues interact

Performance overview:

The standard requires at least two different government policies to be identified, stated or described, that would achieve at least two specific policy objectives relating to one contemporary economic issue. Flow-on effects of the policies on two other issues also need to be explained.

In several submissions, growth was identified as the main economic issue, spending by the government on infrastructure was chosen, and the policy was correctly identified or stated as expansionary fiscal policy. A decrease in the official cash rate (OCR) was also chosen, identified, or stated as expansionary monetary policy. A description of expansionary fiscal policy included how spending by the government on infrastructure would lead to a government budget deficit (spending>tax income). A description of expansionary monetary policy included how the lower OCR would decrease interest rates at banks and would therefore lead to more consumption spending and investment. The direct impact of the policies on sustainable growth was explained, using an economic model(s) such as the AS-AD model and using higher G, C and/or I from the equation AD=C+I+G+(X-M). Flow-on effects on economic issues included inflation and employment. The AS-AD model was used to support inflation explanations with the inclusion of the demand-pull inflation concept. The AS-AD model with a Yf line and recessionary gap was also used to support employment explanations, while some submissions also used the labour market model. The latter model also allowed for more detail as the impacts on employment, involuntary unemployment, and voluntary employment were explained.

For Merit, a detailed explanation included why AD and AS on the AS-AD model would shift. For expansionary monetary policy, the explanation included how lower interest rates decrease the cost of borrowing and therefore it would be cheaper to purchase consumer and capital goods on credit, and both C and I would increase causing AD to shift right to AD1.

The shift in AS was also included and explained. The impact of the lower OCR on interest rates would be extended to the exchange rate, and the explanation included the impact of a depreciation in the NZ$, making imported raw materials relatively more expensive because as cost of production rises AS decreases.

For Excellence, the justification of the policy mix included reference to specific points on a new AS-AD model showing the overall impact of the policy mix on growth and flow-on effects on inflation. A labour market model was also included to support the explanation of the flow-on effects of the policy mix on employment, involuntary unemployment, and voluntary unemployment.

Practices that need strengthening:

At least two policy objectives should be explained relating to one economic issue. For example, for growth, the explanation would include how the policies would achieve growth by increasing output (real GDP), but another objective would be needed such as sustainable growth. Therefore, the policies should achieve a level of growth that would protect New Zealand's scarce resources for future generations.

The impact of each government policy should be demonstrated on an appropriate economic model. For Achieved, an AS-AD model could be used for a free trade agreement, shifting AD to the right because of increased exports and imports. For higher grades, the shift of AS should also be included with an explanation of how production will increase because cost of production from cheaper imported raw materials from countries such as China would be lower.

For Merit, more detail for free trade agreements could include how removal of tariffs in the importing country would make NZ products relatively cheaper, therefore increasing demand for NZ products. Confusion of which country would remove the tariff meant insufficient understanding of the impacts of the removal of tariffs for an Achieved grade. The explanation would also include how easing of trade restrictions between countries would open up a larger export market, making it more profitable for exporting firms in New Zealand.

The justification of the policy mix for Excellence should achieve the original policy objectives. It would be insufficient to include a third policy to reverse negative impacts of the previous two policies that would jeopardise the original objectives. For example, if the original objectives included growth, a contradictory monetary policy would ease inflationary pressure but would also contract growth. Therefore, this policy would be counteractive to achieving growth. A policy that would increase AS on the AS-AD model such as a regulation/deregulation policy would be a more suitable policy to include in the policy mix to ease inflationary pressure.

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- Online learning modules (generic and subject-specific).
- Clarifications for some standards.
- Assessor Practice Tool for many standards.
- Webcasts.

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Subject Pages

Online learning modules and the Assessor Practice Tool are hosted on Pūtake, NZQA's learning management system. You can access these through the Education Sector Logon.

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