

### Section III — Answer either Question 25 or Question 26

Write the question number in the space provided

2013 HSC - Economics  
Band 3/4  
Sample 1 Question 25

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Question Number

Appreciations and depreciations in the Australian dollar will affect many components of the economy. As the dollar rises and falls the international competitiveness of Australia's imports and exports <sup>will follow.</sup> As the dollar appreciates the competitiveness for exports will fall. As goods and services to export become more expensive it will force countries to pay more for less than usual. However, imports would be better for Australia. This is due to the same effect; higher dollar is more goods and services for the same ~~amount~~ amount. These two effects are then opposite for a depreciating dollar. Exports will be cheaper to buy and so, ~~more~~ countries will be more competitive to buy them whereas imports will be more expensive cutting off resources to Australia manufacturers.

Since after the GFC, the \$Aus (Australian dollar) in relation to the \$US (United States of America's dollar) has been very ~~high~~ high averaging about  $\$1:1.03$  ~~over the~~ from 2010-12.

after 1987  
and

✓ Before 2009, the \$US was never equal to the \$Aus, holding about ~~80~~ <sup>(US)</sup> 80¢ per \$Aus \$1. and even falling to ~~50~~ <sup>(US)</sup> 50¢ in 2000. These numbers show how harsh ~~developed~~ countries were effected by this crisis.

Having a high dollar means countries, like China, must pay more for our exports especially due to the mining / resource boom. From this, mining companies gain massive profits and overall boost the overseas sector of the Australian economy. This high dollar is very beneficial to Australia and the imports and exports but makes Australia's international competitiveness fall. Australia needs to rely on the resource boom to keep competitiveness between ~~countries~~ buyers high.