



Information Sheet

Australian Economics Olympiad (AEO)

The Australian Economics Olympiad (AEO) competition consists of two rounds. The first round is an individual examination that is hosted in schools and requires invigilation and support from teachers. The second round is a team-based policy case study competition, conducted virtually.

All students currently studying in Year 9 and above are welcome to participate in the AEO, while students in Year 11 and 12 are more likely to be competitive.

Registrations for AEO participation can only be taken through school teachers.

1. Competition Structure

First Round

All participants sit a 2-hour-long examination consisting of both multiple-choice and open questions covering important concepts in microeconomics, macroeconomics, and their applications.

The top 40 performers in the First Round from across Australia will be invited to enter the Second Round.

The First Round test date is in early June.

Second Round

The 40 top performers from the First Round will be grouped randomly into 5-person teams to work on an economic policy case study. Each team will present their analysis of the case within 48 hours of receiving the case material, with presentations judged by a panel of expert professional economists.

2. Awards

Students' results in both the First Round and the Second Round of testing will be considered in selecting a small number of national winners of the AEO competition. These national winners will be offered a suite of bespoke economics learning experiences. In 2022, for example, these experiences for the five national winners included an in-person tour of the Reserve Bank of Australia and meetings with RBA staff.

- The top-performing 10% of participants from the First Round, except for the national winners, will receive a Certificate of High Distinction.
- Participants scoring between the 80th and 90th percentiles in the First Round will receive a Certificate of Distinction.
- Participants scoring between the 50th and 80th percentiles in the First Round will receive a Certificate of Honourable Mention.

The top-performing 50% of participants from the First Round will be offered a VIP Open Day experience at UNSW to learn more about studying economics beyond high school.

3. Sample Questions

Multiple-choice Questions

1. A natural disaster occurs in Australia. Which of the following elements is LEAST likely to be affected?
 - a.) Labour productivity
 - b.) Agricultural supply
 - c.) Insurance premia
 - d.) Food prices
 - e.) Immigration levels



2. The value of the Australian dollar depreciates and the level of inflation rises in the Australian economy. Which of the following best explains this event?

- a.) An increase in demand for Australia's exports
- b.) A rise in input costs for local firms
- c.) A fall in the size of the budget deficit
- d.) An increase in capital inflows into the Australian economy
- e.) This event is unlikely to occur

3. Which of the following would most likely worsen the level of income inequality in an economy?

- a.) Increased spending on job training programs
- b.) An increase in the economy's tax-free threshold
- c.) An increase in the average rate of tariffs
- d.) A temporary stimulus payment for welfare recipients
- e.) The federal government's adoption of a contractionary fiscal policy stance

4. The government budgets for surplus but then experiences an unexpected fall in the level of economic activity. Which of the following best describes the resulting outcome?

- a.) A rise in taxation revenue leading to a larger budget surplus
- b.) A rise in taxation revenue leaving to a smaller budget surplus
- c.) A fall in taxation revenue leading to a smaller budget surplus
- d.) A fall in taxation revenue leading to an unsustainable budget deficit
- e.) No change to taxation revenue or the expected budget balance



Open Questions

The answer should be limited to one A4 page.

1. The Australian economy is experiencing a broad-based rise in the level of inflation. The Reserve Bank of Australia (RBA) is considering a (further) rise in the level of the cash rate. Explain how this possible move by the RBA would address the level of inflation in the economy and any potential effects on the value of the Australian dollar.

2. The Australian government is considering ways to increase the adoption of electric vehicles in order to reduce the nation's fossil fuel consumption. You have been asked to comment on the use of a subsidy to improve the affordability of these vehicles. Evaluate this strategy in the context of achieving the government's goals, being sure to address the question of opportunity cost and the potential positive and negative externalities relevant to this policy decision.