

Australian Year 10 Economics Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. The total number of people who are either employed or unemployed across the population is best described as what?**
 - A. Participation rate**
 - B. Labour Force**
 - C. Unemployment**
 - D. Underemployment**

- 2. What term defines the benefits to a third party from a transaction?**
 - A. Negative Externality**
 - B. Social Benefit**
 - C. Positive Externality**
 - D. Lorenz Curve**

- 3. How is the unemployment rate calculated?**
 - A. Unemployed divided by working age population x 100**
 - B. Unemployed divided by labour force x 100**
 - C. Labour force divided by unemployed x 100**
 - D. Total population divided by unemployed x 100**

- 4. The total cost of producing a good including private costs plus any costs imposed on society is called what?**
 - A. Social Cost**
 - B. Private Cost**
 - C. Social Benefit**
 - D. Externalities**

- 5. Which policy is not directly managed by the government?**
 - A. Fiscal policy**
 - B. Monetary policy**
 - C. Productivity policy**
 - D. Contractionary monetary policy**

- 6. GDP stands for which of the following?**
- A. Gross Domestic Product**
 - B. Gross Domestic Profit**
 - C. General Domestic Product**
 - D. Gross Development Product**
- 7. Which goods are ready to be consumed now rather than used to make other goods?**
- A. Inflation**
 - B. Final Goods**
 - C. Injections**
 - D. Aggregate Demand**
- 8. Contractionary monetary policy is the monetary policy that reduces aggregate demand.**
- A. Expansionary monetary policy**
 - B. Productivity policy**
 - C. Fiscal policy**
 - D. Contractionary monetary policy**
- 9. Which policy uses fiscal measures to stabilise the economy?**
- A. Fiscal policy**
 - B. Productivity policy**
 - C. Monetary policy**
 - D. Contractionary monetary policy**
- 10. Which concept is a graphical representation of income distribution within an economy?**
- A. Lorenz Curve**
 - B. Gini Coefficient**
 - C. Externalities**
 - D. Private Benefit**

Answers

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1. B
2. C
3. B
4. A
5. B
6. A
7. B
8. D
9. A
10. A

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Explanations

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1. The total number of people who are either employed or unemployed across the population is best described as what?
- A. Participation rate
 - B. Labour Force**
 - C. Unemployment
 - D. Underemployment

The key idea is the labour force: it includes everyone who is either working or actively seeking work. Employed people have jobs, while unemployed people don't have a job but are available for work and are actively looking. Adding these two groups gives the total number in the labour force. The participation rate is the labour force as a share of the working-age population, unemployment is just the number not working but seeking, and underemployment refers to people who want more hours or better jobs while still being employed.

2. What term defines the benefits to a third party from a transaction?
- A. Negative Externality
 - B. Social Benefit
 - C. Positive Externality**
 - D. Lorenz Curve

Externalities describe how a transaction affects people who aren't directly involved. When those side effects give benefits to others, it's a positive externality. The question asks for the term that defines benefits to a third party from a transaction, so positive externality is the precise fit. For contrast, a negative externality would involve costs to others, the Lorenz Curve relates to income distribution, and social benefit is a broader idea that includes private benefits as well as external ones but isn't the specific label for third-party benefits in a transaction.

3. How is the unemployment rate calculated?
- A. Unemployed divided by working age population x 100
 - B. Unemployed divided by labour force x 100**
 - C. Labour force divided by unemployed x 100
 - D. Total population divided by unemployed x 100

Unemployment rate tells us what share of people who are in the labour market are without work. The standard way to measure this is to take the number of unemployed people and divide it by the labour force (the total of employed plus unemployed), then multiply by 100. So, unemployed divided by labour force times 100 gives the correct rate. The labour force includes those who are working and those actively looking for work. This focuses on people who could be employed if jobs are available, not the entire population. Using the working-age population would measure the portion of all people of working age who are unemployed, which isn't the same as the part of the labour force without work. Using the total population would mix in people not in the labour market at all (like children). Inverting the ratio would mix up the relationship, giving a value that isn't the unemployment rate. That's why the correct approach is unemployed over labour force.

4. The total cost of producing a good including private costs plus any costs imposed on society is called what?

- A. Social Cost**
- B. Private Cost**
- C. Social Benefit**
- D. Externalities**

The main idea is that social cost is the total cost to society from producing a good. It includes what the producer pays (private cost) plus any costs imposed on others (external costs). So social cost = private cost + external costs. That's why it's the best answer: it captures the full burden on society, not just the producer's expenses. For example, pollution from production adds health and clean-up costs for people and the environment, which are external costs. Private cost would miss these, while social cost includes them. Social benefit would be the opposite side (benefits to society), and externalities refer to the spillover effects themselves, not the total cost measure.

5. Which policy is not directly managed by the government?

- A. Fiscal policy**
- B. Monetary policy**
- C. Productivity policy**
- D. Contractionary monetary policy**

Policy areas in the economy are often divided between what the government directly decides and what is handled by an independent central bank. Fiscal policy is the government deciding on taxes, spending, and the budget. Productivity policy involves government initiatives to improve efficiency and competitiveness across the economy. Monetary policy, including contractionary moves, is typically managed by the central bank and is designed to be independent from daily political pressures, aiming to control inflation and maintain financial stability. When the central bank raises interest rates or reduces the money supply, those actions come from monetary policy, not direct government control. That's why monetary policy is not directly managed by the government.

6. GDP stands for which of the following?

- A. Gross Domestic Product**
- B. Gross Domestic Profit**
- C. General Domestic Product**
- D. Gross Development Product**

GDP stands for Gross Domestic Product. It is the total market value of all final goods and services produced within a country during a specific period, usually a year or a quarter. "Domestic" means inside the country's borders, regardless of who owns the production factors. "Gross" indicates the total before subtracting depreciation, and "Product" refers to the goods and services produced. This makes GDP the main measure of a country's economic activity and growth, used to compare economies and track changes over time. The other phrases aren't standard terms for this measure.

7. Which goods are ready to be consumed now rather than used to make other goods?

A. Inflation

B. Final Goods

C. Injections

D. Aggregate Demand

This question tests understanding of final goods versus goods used to make other goods. Final goods are finished products that can be consumed or used directly without any further processing. They're ready to be used by consumers now. The prompt asks for goods that are ready for consumption rather than used to produce something else, so final goods is the best fit. For example, a loaf of bread bought by a household or a car sold to a consumer are final goods. Inflation is a rise in the general price level, injections refer to additions to spending in the economy, and aggregate demand is the total demand for goods and services. None of those describe a type of good ready for immediate consumption, which is why final goods is correct.

8. Contractionary monetary policy is the monetary policy that reduces aggregate demand.

A. Expansionary monetary policy

B. Productivity policy

C. Fiscal policy

D. Contractionary monetary policy

The main idea tested is how tightening monetary policy affects overall spending in the economy. Contractionary monetary policy tightens the money supply and typically raises interest rates. Higher borrowing costs discourage households from taking on loans for big purchases and lead firms to postpone or scale back investment. With spending and investment down, aggregate demand falls, so the AD curve shifts left. This helps to reduce inflationary pressures, though it can slow economic growth in the short term. This differs from expansionary monetary policy, which lowers interest rates to boost demand. Other options either refer to different tools (fiscal policy uses government spending and taxes) or to policies aimed at improving efficiency (productivity policy), rather than monetary measures. So the statement correctly identifies the idea: contractionary monetary policy reduces aggregate demand.

9. Which policy uses fiscal measures to stabilise the economy?

- A. Fiscal policy**
- B. Productivity policy**
- C. Monetary policy**
- D. Contractionary monetary policy**

Using fiscal measures to stabilise the economy means the government uses its budget to influence overall demand through changes in spending and taxes. This is fiscal policy, where expansionary steps like higher government spending or lower taxes boost demand during a slump, and contractionary steps like lower spending or higher taxes cool demand when inflation is rising. Productivity policy focuses on boosts to long-run output and potential, not short-term demand management. Monetary policy relies on the central bank to change the money supply and interest rates to steer demand; contractionary monetary policy tightens money supply to slow the economy, which is a monetary, not a fiscal, tool. So the approach that uses fiscal measures to stabilise the economy is fiscal policy.

10. Which concept is a graphical representation of income distribution within an economy?

- A. Lorenz Curve**
- B. Gini Coefficient**
- C. Externalities**
- D. Private Benefit**

The main thing this question tests is a graphical way to show how income is spread across a population. The Lorenz Curve does exactly that: it plots the cumulative share of total income on the vertical axis against the cumulative share of households (ranked from poorest to richest) on the horizontal axis. If everyone earned the same, the curve would run along a 45-degree line of equality. The more the curve bends away from that line, the greater the inequality. The Gini coefficient, by contrast, is a single number that summarizes this inequality and is derived from the Lorenz Curve, not a graph itself. Externalities are spillover effects in markets, and private benefit refers to the benefit received by individuals in a market transaction.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://australianyr10econ.examzify.com>

We wish you the very best on your exam journey. You've got this!

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