

NESA Review of Commerce Years 7-10 Syllabus

Supplementary submission to NESA

July 2018

Option 1 of 'Our Economy'

The new draft syllabus for Commerce Years 7-10 now includes a core component of economics in addition to Option 1 on 'Our Economy'. The Reserve Bank welcomes this development, as more students will be exposed to economic ideas and may choose to study Economics in their senior years of secondary school or beyond. Supporting this pathway to subsequent study of Economics is valuable because there are social benefits of teaching Economics. It increases economic literacy in the wider community, it strengthens the pool of economists from which public policy organisations can recruit, and it equips students with analytical and problem solving skills that are well suited to the changing nature of work.

In noting the inclusion of additional economic content, the Reserve Bank suggests that it would be helpful to make an explicit reference to monetary policy in the proposed content on 'Performance of the Australian economy'. On page 36 of the draft Commerce syllabus, students are asked to:

Examine the indicators of, and influences on, the performance of the Australian economy, for example:

- Factors that influence the economic performance of the Australian economy, including government economic policies such as fiscal/budgetary policy (ACHEK052).

The Reserve Bank requests that this be amended to:

Examine the indicators of, and influences on, the performance of the Australian economy, for example:

- Factors that influence the economic performance of the Australian economy, including basic elements of fiscal policy and monetary policy (ACHEK052).

In this way, readers of the NSW Commerce syllabus would not need to refer back to ACHEK052 in the Australian curriculum, where monetary policy is referenced along with other government economic policies. They would also be given a clear instruction to include only the basic elements of both fiscal and monetary policy. Students who did not subsequently choose to study Economics in Years 11 and 12 would have concluded their Commerce studies with some exposure to these important government economic policies that influence the performance of the economy.

The explicit reference to monetary policy is also helpful because, in the Australian context, monetary policy is more frequently used than fiscal policy for stabilisation of economic cycles and thereby it closely relates to many of the economic performance indicators that are discussed in Option 1 of the syllabus on 'Our Economy'. In particular, monetary policy is used to target inflation, one of the economic performance indicators referenced in the syllabus and specifically in 'Our Economy'.

Furthermore, the instrument of monetary policy – the cash rate – influences other interest rates in the economy, with interest rates and inflation being relevant to explanations of content in the Core 1 component of the syllabus on ‘Consumer Decisions’ and in Option 2 on ‘Investing’.

Thank you for your consideration of this proposed amendment and the opportunity to participate in the public consultation fora.

Reserve Bank of Australia
24 July 2018