

# Perspectives on RBA Decisions



The purpose of this Activity is for students to consider how RBA decisions might be viewed by a range of different participants in the economy and how these decisions may have a different impact on stakeholders, depending on their circumstances. The Activity has been designed as a teacher-facilitated collaborative activity. It can be applied to any RBA decision such as:

- cash rate decisions
- regulation decisions.

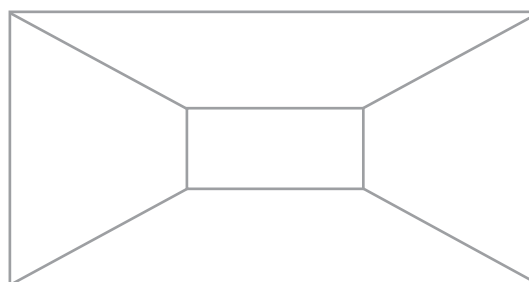
The teacher decides on the RBA decision students will respond to, for example, the RBA decides to increase the cash rate.

## Resources

Role cards – one role card for each group of four students.

Teacher developed or student drawn place-mats – one place-mat for each group of four students.

## Suggested place-mat template for cooperative learning



## Instructions

1. Provide each group with a different role card. (The role cards can be changed to suit the decision being investigated. The role cards provided here relate specifically to interest rate decisions.)
2. Students record on their place-mat the decision they are responding to (e.g. the RBA increases the cash rate).
3. Students think about the decision from the perspective of the person or entity on their role card. The following questions might be used to prompt their thinking:
  - How do they feel about the decision?
  - How will the decision affect them?
  - How will they respond to the decision or how will the decision affect what they do? In particular, ask students to consider how the change in interest rates will affect their:
    - consumption
    - savings
    - investment
    - asset wealth
    - confidence.
4. Students write their ideas/answers in a corner of the place-mat.
5. Each student shares their ideas with their group. The group then summarises its ideas and writes it in the middle section of the place-mat.
6. Each group presents their views (from the perspective of the person or entity they are representing) to the class.
7. The class discusses the effects of the decision on different stakeholders, any differences they identified and the reasons for these differences.

## Individual 1

Mortgage with a high balance owed

Credit card debt

Two-adult household with two school-aged children enrolled in private school

Middle income household



## Individual 2

Owens home outright

One investment property that provides an income through rent (no mortgage)

Shareholder in Australian companies

Money invested in term deposit

Self-funded retiree with no dependents



## Individual 3

Looking to enter the home market

No loans or debt

Savings in the form of a deposit for a home

Single with no dependents

High income earner



## Individual 4

Resident of another country

Deals in Australian currency and shares

Invests in Australian properties



## Business 1

Small business that imports goods for resale in Australia

Leases plant and equipment at fixed interest rates



## Business 2

Produces goods domestically for export

Owens plant and equipment

Requires an upgrade on equipment

