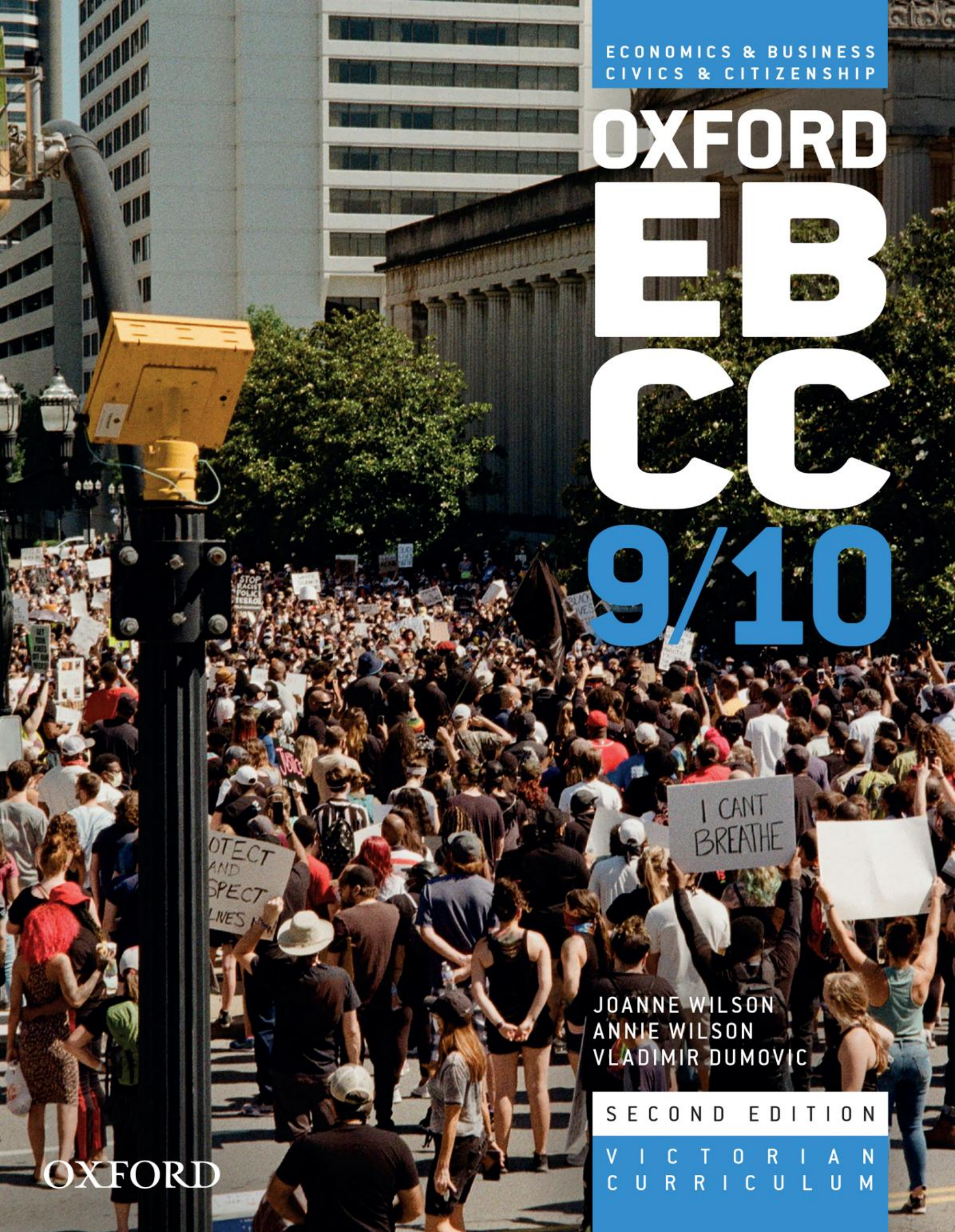


ECONOMICS & BUSINESS
CIVICS & CITIZENSHIP

OXFORD EBCC 9/10

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SECOND EDITION

VICTORIAN CURRICULUM

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CONTENTS



Contents by skill vi

Introducing Oxford Economics & Business | Civics & Citizenship 9/10 viii

PART 1
Economics and business

Skills

Chapter 1
The economics and business toolkit 4

1A What are the economics and business skills?

1.1 Economics and business skills 6
1.2 Asking questions and conducting research 7
1.3 Analysing sources 9
1.4 Reasoning and decision making 10
1.5 Communicating and reflecting 11

YEAR 9

Economics and business

Chapter 2
Understanding the global economy 12

2A How does the economy work?

2.1 An introduction to the Australian economy 14
2.2 Characteristics of economic systems 16
2.3 Participants in the Australian economy 20
2A Rich task: The end of car manufacturing in Australia 24

2B What is Australia's place within Asia and the global economy?

2.4 Australia, Asia and the global economy 26
2B Rich task: How China became Australia's largest trading partner 32

Chapter review 34

Chapter 3
Strategies to manage financial rewards and risks 36

3A How can I save more and spend less?

3.1 Saving money 38
3A Rich task: Do I spend too much? 42

3B What strategies can be used to increase financial rewards?

3.2 Investing money 44
3B Rich task: Playing the share market 48

3C How can individuals safeguard against financial risk?

3.3 Avoiding scams 50
3.4 Using your bank account wisely 52
3.5 Knowing your consumer rights 54
3C Rich task: Buying a car 56
Chapter review 58

Chapter 4
The changing work environment 60

4A How do changes in the workplace affect people?

4.1 The world of work is always changing 62
4.2 Enterprising skills and soft skills 64
4A Rich task: The job market 66

4B What are the roles and responsibilities of people in the workplace?

4.3 Responsibilities of employers and employees 68
4.4 Protecting workers from discrimination 72
4.5 Protecting workers from bullying and unfair dismissal 74
4B Rich task: Unfair dismissal 76
Chapter review 78

YEAR 10

Economics and business

Chapter 5
Measuring the performance of Australia's economy 80

5A How is the performance of the Australian economy measured?

5.1 Measuring growth – GDP 82
5.2 Measuring price changes – inflation 84
5.3 Measuring participation – the unemployment rate 86
5A Rich task: Youth unemployment 88

5B How well does the Australian economy perform compared with other economies around the world?

5.4 How Australia's economy compares 90
5B Rich task: Understanding Australia's economic growth 92
Chapter review 94

Chapter 6
Living standards 96

6A Why do living standards vary around the world?

6.1 Living standards 98
6.2 Variations in living standards between countries 100
6A Rich task: Poverty in Australia 102

6B What is the connection between economic performance and living standards?

6.3 Improving living standards 104
6B Rich task: Living standards and climate change 108
Chapter review 110

Chapter 7
The business environment 112

7A What is a competitive advantage and how does it benefit business?

7.1 How businesses gain a competitive advantage 114
7A Rich task: Starting a new small business 118

7B What is innovation and how can it be used in business?

7.2 Innovation in business 120
7B Rich task: Innovating for business success 124
Chapter review 128

PART 2
Civics and citizenship

Skills

Chapter 8
The civics and citizenship toolkit 132

8A What are the civics and citizenship skills?

8.1 Civics and citizenship skills 134
8.2 Asking questions and conducting research 135
8.3 Analysing sources 137
8.4 Evaluating and decision making 139
8.5 Communicating and reflecting 140

YEAR 9

Government and democracy

Chapter 9
Government, democracy and the citizen 142

9A What factors influence Australia's political system?

9.1 Living in a democracy 144
9.2 Australia's political system 146
9.3 Political parties and policy developments 150
9.4 Election time 154
9.5 Counting the votes 156
9A Rich task: Political cartoons 158

9B How do citizens participate in a democracy?

9.6 Understanding citizenship in a diverse and globalised society 160
9.7 Diversity and identity in Australia 162
9B Rich task: The power of social media campaigns 164
Chapter review 166

Laws and citizens

Chapter 10
Australia's legal system 168

10A What key principles support Australia's legal system?

10.1 Understanding laws and why we need them 170
10.2 How laws are made 172
10.3 Australia's legal system 174
10A Rich task: Social media and the right to a fair trial 178

10B How does Australia's court system work?

10.4 Types of legal disputes 180
10.5 Court jurisdictions 184
10.6 The Victorian court hierarchy 188
10.7 The role of the courts 192
10B Rich task: Creating 'safe drug-injecting rooms' causes controversy 194
Chapter review 196

YEAR 10

Government and democracy

Chapter 11
Australia's democracy and the global context 198

11A What are the key features of Australia's system of government?

11.1 Key features of Australia's system of government 200
11.2 Principles of Australia's system of government 202
11.3 Australia's Commonwealth Parliament 206
11.4 Comparing systems of government in Australia and Indonesia 212
11A Rich task: Section 18C 216

11B How is Australia's democracy influenced by the international community?

11.5 How our democracy is shaped by national and international factors 218
11B Rich task: Australia's international democratic ranking 222

11C What are the features of a resilient democracy and a cohesive society?

11.6 Safeguards to Australia's democratic society 224
11.7 Threats to Australia's democratic society 226
11C Rich task: Maintaining a democratic and cohesive society 230
Chapter review 234

Laws and citizens

Chapter 12
The Australian Constitution and the High Court 236

12A How does the Australian Constitution work?

12.1 The Australian Constitution – an introduction 238
12.2 How the Australian Constitution works 240
12A Rich task: Constitutional recognition of Aboriginal and Torres Strait Islander peoples 244

12B What role does the High Court of Australia play in interpreting the Constitution?

12.3 The Constitution and the High Court 246
12B Rich task: The right to protest 250
Chapter review 252

Chapter 13
Australia's international legal obligations 254

13A What are Australia's global roles and responsibilities?

13.1 Australia's role as a member of the United Nations 256
13.2 Australia's international role and responsibilities 258
13A Rich task: Australia's treatment of asylum seekers 262

13B How do Australia's international legal obligations shape our laws and government policies?

13.3 Australia's international legal obligations 264
13B Rich task: Australia's international obligations to Aboriginal and Torres Strait Islander peoples 268
Chapter review 270

Glossary 272
Index 281
Acknowledgements 286

CONTENTS BY SKILL

In your study of Economics & business and Civics & citizenship, you will learn about and develop key skills that will help your understanding of each subject area. A table of contents of all the opportunities for skills practice in this book has been provided below. For more information on the skills listed, go to the Toolkit for each subject.

Economics & business skills

	Key skill	Practise the skill	Chapter	Page number
Curriculum strand: Reasoning & interpretation	ASKING QUESTIONS & CONDUCTING RESEARCH	Assessing sources	1	8
		How effective is 'Buy now pay later'?	3	obook
		Investigating scams	3	obook
		Searching for relevant and reliable information online	4	67
		Formulating questions about an economic issue	5	89
		Innovation in business	7	obook
	REASONING & DECISION MAKING	Could you live without money?	2	obook
		Identifying the consequences of business decisions	2	25
		Using a game to understand the share market	3	48
		Conducting a cost–benefit analysis	3	57
		Applying business knowledge to new situations	4	77
		Identifying causes and effects in economics	6	103
		Planning to start a new small business at school	7	118
		Being innovative in business	7	125
	ANALYSING SOURCES	Calculating income taxes	1	9
		Reading and interpreting data tables	2	33
		Analysing wage theft	4	obook
		Comparing Australia's economy with other countries	5	obook
	COMMUNICATING & REFLECTING	The effects of globalisation	2	obook
		Conducting a survey and presenting the results	3	42
		Globalisaton and the workforce	4	obook
		Preparing an infographic	5	93
		Improving living standards	6	obook
		Presenting an oral report	6	109

Civics & citizenship skills

Curriculum strand: Reasoning & interpretation

Key skill	Practise the skill	Chapter	Page number
ASKING QUESTIONS & CONDUCTING RESEARCH	Investigating the Myanmar Coup	9	obook
	Developing an inquiry	11	223
	Creating an online survey	11	232
	Gathering and assessing the reliability of information	12	245
	Sustainable Development Goals	13	obook
	Australia as a peacekeeper	13	obook
EVALUATING & DECISION MAKING	Opinion polls	9	obook
	Developing a plan for action to respond to a civics and citizenship issue	9	165
	Recognising different points of view when making laws	11	obook
	Design a referendum campaign	12	obook
ANALYSING SOURCES	Identifying and describing points of view, attitudes and values in sources	8	137
	Media influence on voters	9	obook
	Analysing political cartoons	9	158
	High Court Challenge to COVID-19 lockdowns	10	obook
	Analysing different points of view	10	195
	Understanding and addressing task words	11	217
	Media coverage of COVID-19	11	obook
	Recognising and considering multiple perspectives	13	263
COMMUNICATING & REFLECTING	Tougher laws for youth crime	10	obook
	Preparing a written critical evaluation of information and ideas	10	179
	Comparing systems of government in Australia and Indonesia	11	obook
	Creating a timeline	12	251
	Creating and delivering an audiovisual presentation	13	269

Oxford Economics & Business | Civics & Citizenship Victorian Curriculum has been developed to meet the requirements of the Victorian Curriculum: Economics & Business and the Victorian Curriculum: Civics & Citizenship across Years 7–10. As well as offering complete coverage of *Economics and Business, and Civics and Citizenship*, this new edition ensures that students build their skills across both subjects, preparing them for success in VCE.

The series offers a completely integrated suite of print and digital resources to meet your needs, including:

- Student Book
- Student obook pro
- Teacher obook pro.

Key features of the Student Book

- The Student Book combines complete curriculum coverage with clear and engaging design.
- The print Student Book comes with complete access to all of the digital resources available on Student obook pro.

Focus on skill development



Visible thinking prompts

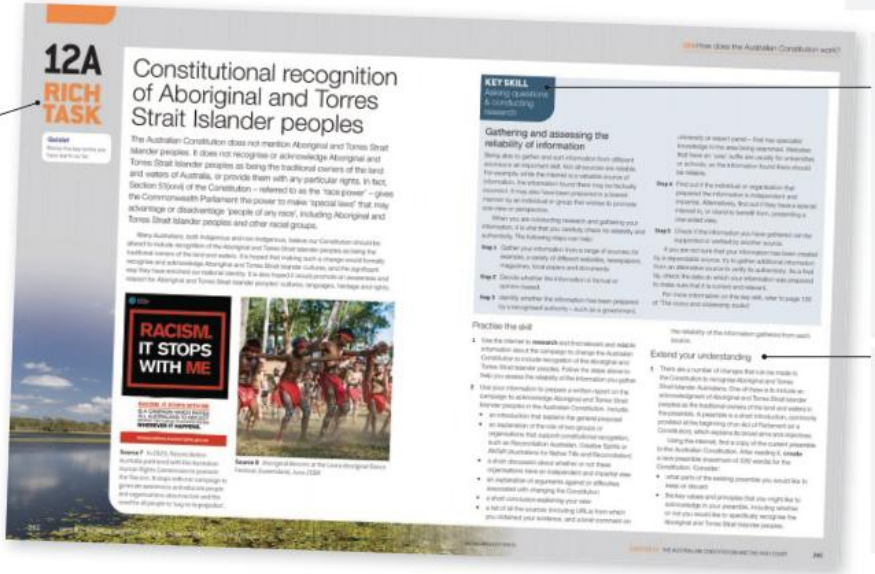
- Visible thinking prompts encourage students to develop their critical thinking and analysis skills.

Check your learning

- Each topic finishes with a set of questions that enables students to consolidate their learning.

Task words

- Questions are generally phrased using bolded task words, which state what is expected of a student and help develop their understanding of questions beyond 'who, what, when, where and why'.



Rich tasks

- Rich tasks provide in-depth skills practice, encouraging students to apply the knowledge and skills they have learned to a new case study, event or issue.

Key skills

- Key skill activities enable students to practise and master skills in each subject. More key skill activities are available via Student obook pro to provide comprehensive coverage of Economics and Business, Civics and Citizenship skills.

Extend your understanding

- These activities challenge students to conduct further research or complete group work to deepen their understanding of an issue or skill.

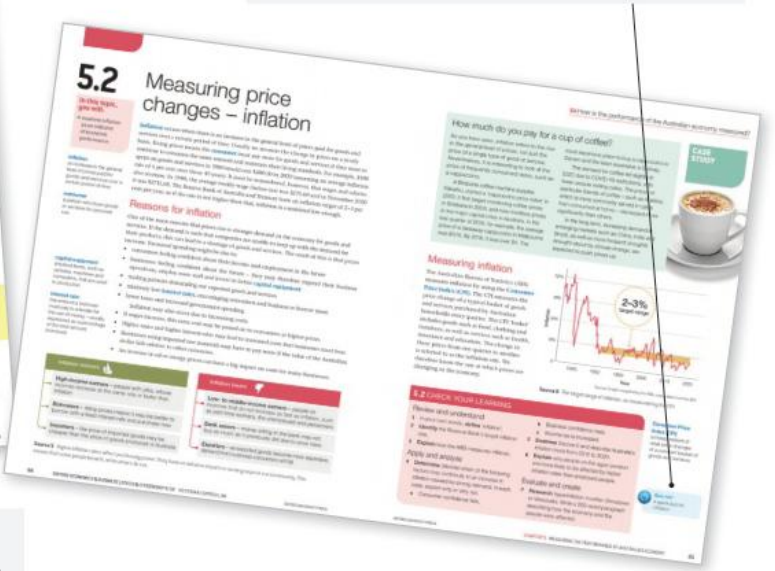
Focus on engagement

Topic-based approach
- Chapter content is sequenced in numbered topics to support teaching and learning.

Learning outcomes
- Each topic begins with a statement of the learning outcomes, which link the content to the curriculum.

Integrated digital resources
- Digital icons signpost a range of engaging resources that can be accessed via Student obook pro, including drag-and-drop activities, video quizzes and quick quizzes. These resources are directly integrated with the topic being covered.





Source materials
- A variety of source materials such as photographs, maps, illustrations, text extracts and graphs will spark students' curiosity and provide rich learning opportunities.

Focus on support for mixed-ability classrooms

Margin glossary terms
- On-page glossary definitions are provided for key terms, supporting students at their point of learning. Key terms also appear in a glossary at the end of the book, and can be revised in a fun Quizlet game via Student obook pro.





Customisable chapter review section
- Each chapter ends with a chapter review that gives students the chance to consolidate their knowledge and apply the skills they have learnt throughout. A marking rubric and customisable version of the Chapter review is available through Teacher obook pro to support differentiation.

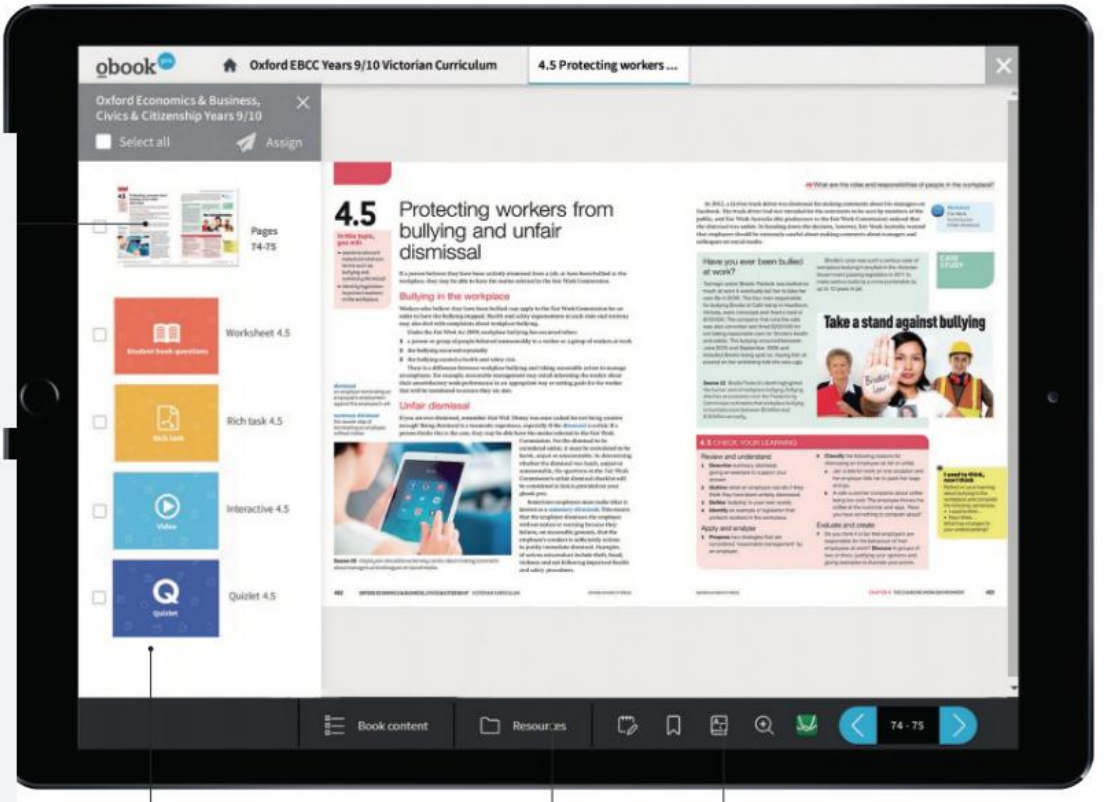
Structured questions
- Questions for each topic are graded according to Bloom's taxonomy, catering for a range of abilities.

Easy-to-access text and design
- The text is written in clear and concise language and the text design is engaging and easy to navigate.

Key features of Student obook pro

- Student obook pro is a completely digital product delivered via Oxford's online learning platform, **Oxford Digital**.
- It offers a complete digital version of the Student Book with interactive note-taking, highlighting and bookmarking functionality, allowing students to revisit points of learning.
- A complete ePDF of the Student Book is also available for download for offline use and read-aloud functionality.

Focus on eLearning



Complete digital version of the Student Book

- This digital version of the Student Book is true to the print version, making it easy to navigate and transition between print and digital.

Interactive assessments

- Each topic in the Student Book is accompanied by an interactive assessment that can be used to consolidate concepts and skills and for formative assessment.
- These interactive assessments are autocorrecting, with students receiving instant feedback on achievement and progress. Students can also access all their online assessment results to track their own progress and reflect on their learning.

Quizlet

- Integrated Quizlet sets, including real-time online quizzes with live leaderboards, motivate students by providing interactive games that can be played solo or as a class. Quizlet can be used for revision or as a warm-up activity when a chapter is introduced.

Additional resources

- A rich variety of additional resources such as videos, worksheets, quizzes and weblinks are linked to individual topics in the book so they can be accessed at the point of learning.

Integrated dictionary

- Each digital Student Book provides an integrated Australian Concise Oxford Dictionary look-up feature, so students can quickly access any terminology they aren't sure of and continue their learning.

Benefits for students

- integrated Australian Concise Oxford Dictionary look-up feature
- interactive assessments to consolidate understanding
- integrated Quizlet sets including real-time online quizzes with live leaderboards
- additional resources available at the point of learning
- access to their online assessment results to track their own progress

Key features of Teacher obook pro

obook pro

- Teacher obook pro is a completely digital product delivered via **Oxford Digital**.
- Each chapter and topic of the Student Book is accompanied by full teaching support. Teaching programs clearly direct learning pathways throughout each chapter and provide ideas for differentiation.
- Teachers can use their Teacher obook pro to share notes and easily assign resources or assessments to students, including due dates and email notifications.

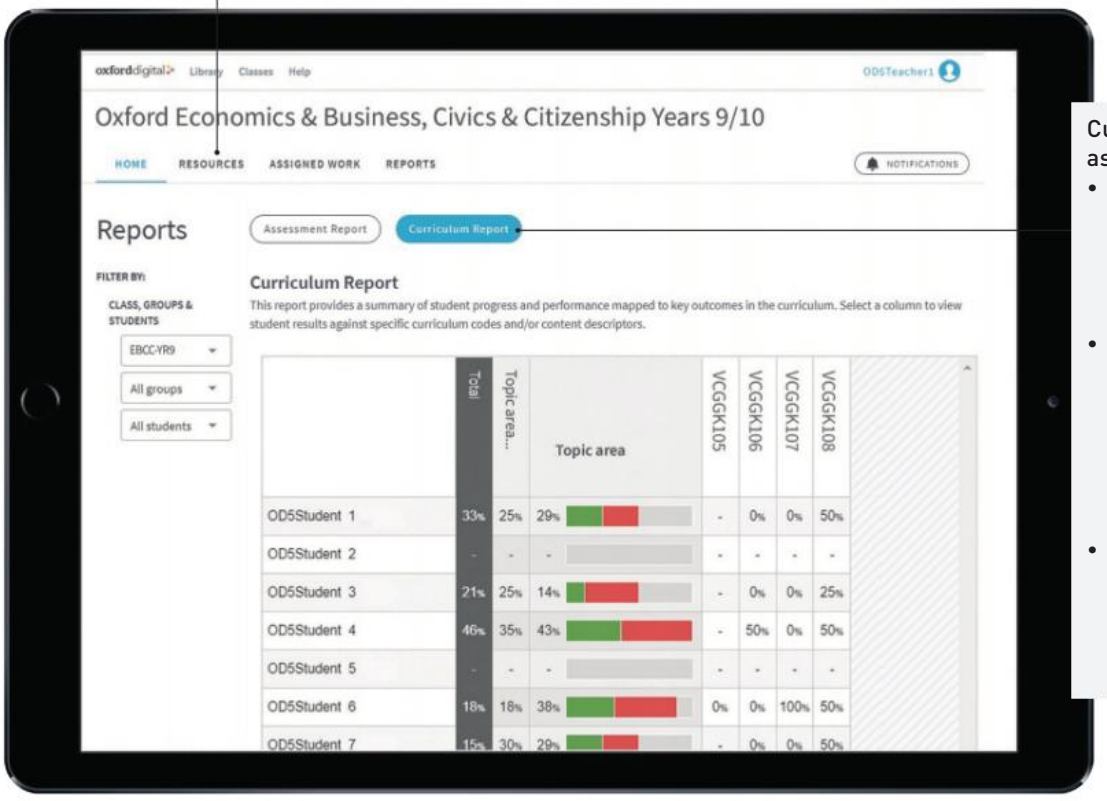
Focus on assessment and reporting

Additional resources

- Each chapter of the Student Book is accompanied by additional resources, including answers to every Student Book question, differentiated worksheets and class tests to monitor student progress.

Complete teaching support

- Teaching support provides full lesson and assessment planning, ensuring there is more time to focus on students.



Curriculum and assessment reports

- Teachers are provided with clear and tangible evidence of student learning progress through curriculum and assessment reports.
- Assessment reports directly show how students are performing in each online interactive assessment, providing instant feedback for teachers about areas of understanding.
- Curriculum reports summarise student performance against specific curriculum content descriptors and curriculum codes.

Benefits for teachers

- Teachers have access to all student resources.
- As well as online assessment, teachers have access to editable class tests that are provided at the end of each chapter. These tests can be used as formative or summative assessment and can be edited to suit the class's learning outcomes.
- As students complete online assessments, their results are measured against syllabus outcomes through the curriculum report. This allows easy understanding of how students are progressing, and where they may need support.


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PART 1

Economics and business

Skills

Chapter 1 The economics and business toolkit 4

Year 9

Chapter 2 Understanding the global economy 12
Chapter 3 Strategies to manage financial rewards and risks 36
Chapter 4 The changing work environment 60

Year 10

Chapter 5 Measuring the performance of Australia's economy 80
Chapter 6 Living standards 96
Chapter 7 The business environment 112

CHAPTER 1

The economics and business toolkit

Economics examines the connections between people, business and government, both here in Australia and globally. It is about how we produce goods and services to satisfy the needs and wants of everyone using the limited resources available, and how we can manage these resources in a way that is sustainable.

To coordinate and organise these processes, we have an economic system that is modelled on how a market works. A business produces goods or provides a service in exchange for money, and it can be as small as one individual or as large as a multinational company. As consumers, individuals make choices about what to buy and use, as well as how they will earn an income to buy products by participating in the workforce.

As a student of economics and business, you will explore the skills necessary to help you better understand a constantly changing world and how you might participate in the global workforce.

» **Source 1** Economic skills enable us to study how people, organisations and governments satisfy people's needs and wants with limited resources.



1A

What are the economics and business skills?

1.1 Economics and business skills

A great way for economics and business students to develop their skills is by using real-life examples to help generate questions, interpret information and argue their points of view. They also learn through experience, where they make use of role-plays, simulation games and enterprising activities that provide an opportunity to be innovative, show leadership and display the ability to make wise business decisions.

Studying economics and business requires you to ask a range of questions and analyse information to find out more about an issue. You will learn to question and research information by asking 'what', 'why', 'when', 'who' and 'how' to uncover the truth. You will learn to weigh up the costs and benefits of an economics or business proposal, make recommendations and communicate your conclusions.

Source 1 The skills used while studying economics and business

Asking questions and conducting research	• Developing questions and hypotheses about an economic or business issue, then planning and conducting research • Gathering relevant and reliable data and information from a range of sources
Analysing sources	• Analysing data in different formats to explain cause-and-effect relationships, make predictions and illustrate alternative perspectives
Reasoning and decision making	• Generating a range of viable options in response to an economic or business issue, using cost–benefit analysis and appropriate criteria to recommend and justify a course of action and predicting the potential consequences of the action • Applying economics and business knowledge and skills in familiar, new and hypothetical situations
Communicating and reflecting	• Presenting arguments and evidence-based conclusions in a range of formats using economics and business conventions, language and concepts • Reflecting on the intended and unintended consequences of economic and business decisions



Source 2 Work experience or a part-time job working in a local business can provide great insights and opportunities for economics and business students.

1.2 Asking questions and conducting research

Developing questions

Economics and business students ask questions. They seek out economic and business cases, and try to learn from mistakes made in the past and avoid such mistakes in the future. They also check facts and look at the arguments for and against a certain issue before reaching their own conclusions. When they state their own viewpoint, they support this with evidence such as statistics, cases from the past, quotes and sound reasoning.

Gathering data and information

Although books and newspapers are valuable sources of information, most research today is conducted online. To ensure that sources gathered online are accurate, reliable and relevant, a number of guidelines should be followed:

- Search engines such as Google are useful, but the material found on websites suggested by search engines may not be reliable, or may contain inaccuracies or misleading information, or be out of date. When using search engines, define your search by using keywords.
- A reliable way of searching for sources is to use sites linked to educational institutions, government departments, reputable companies and universities. A quick way of telling if a site is reputable is to look at the suffix of the domain name, which is part of the URL (internet address). Some of the most common domain suffixes are listed in Source 3.
- Avoid blogs posted by unknown individuals. If you find information relevant to your investigation on a blog or social media site, always verify it by using a more reliable source.
- Never copy information from the internet straight into your own work. Taking someone else's work and ideas and using them as if they were your own is plagiarism.

Source 3 Guidelines for determining the reliability of websites

Domain suffix	Description
.edu	• The site is linked to an educational institution, such as a university or school. • These sites are generally very reliable.
.gov	• The site is linked to a government institution, e.g. the RBA (Reserve Bank of Australia). • These sites are generally very reliable.
.net	• The site is linked to a commercial organisation or network provider. • Anyone can buy a domain name with this suffix, and generally nobody regulates the information posted on the site. As a result, these sites can be unreliable.
.org	• The site is linked to an organisation. • Usually, these organisations are not-for-profit, e.g. the UN (United Nations). • If the organisation if reputable and can be contacted, this generally means that the information provided has been checked and verified by that organisation. • You need to be aware of any special interests that the organisation may represent (e.g. particular political, religious or commercial interests), as this may influence what it has to say on an issue.
.com	• The site is linked to a commercially based operation and may be promoting certain products or services, e.g. banks. • Domain names with this suffix can be bought by anyone, so the content should be carefully checked and verified using another, more reliable source.

Nature
What is the source?

Origin
Who created the source?
When was it created?

Purpose
Why has this source been created?
Who is the intended audience?

Source 4 Factors to identify when researching a source

In your research, you may collect information from two types of sources:

- *Primary sources* are from the time or event being investigated; they include interviews, and official documents such as laws and census data.
- *Secondary sources* are about the time or event being investigated and were created later; they include data analysis and newspaper articles.

It is important to be able to distinguish between the two types of sources, and to identify the origin, purpose and context of a source.

KEY SKILL
Asking questions & conducting research

Assessing sources

Research involves finding factual information or different perspectives on a topic. For instance, we may want to research the the profitability of a business we use (see Sources 5 and 6 on McDonald's).

Step 1 Identify the nature, origin and purpose of the source. Is it a primary or secondary source?

Step 2 Assess if the source is reliable and trustworthy. Stay away from blogs or forums, as they may not be reliable.

Step 3 Assess whether the source is biased. Some sources may contain factual information, but may also contain emotive statements that reflect the perspectives of different groups in society. You can still use the source; it can be useful if your research covers varying viewpoints.

Practise the skill

1. **Identify** the nature, origin and purpose of Sources 5 and 6.
2. Are Sources 5 and 6 trustworthy?
3. How could you determine if these sources are biased?
4. **Predict** what the revenue figure for 2020 might look like given the extract below.

Source 5 2017–19 statistics on McDonald's global assets and revenue

Year	Total assets (in billions)	Revenue (in billions)
2019	$32.811	$21.076
2018	$32.811	$21.025
2017	$33.804	$22.820

Source: MoneyAustralia website, September 2021

Source 6

McDonald's Australia profit gets bitten by Chicago

McDonald's grew its Australian revenue in 2020, despite being forced to temporarily close many of its restaurants ...

... Drive-throughs and a new home delivery service were credited by McDonald's Australia chief executive Andy Gregory with 'offsetting challenging COVID-19 market operating conditions', in accounts lodged with the corporate regulator last month.

Those accounts showed that McDonald's Australia, which operates about 150 McDonald's restaurants in Australia and is franchisor for over 850 more, grew revenue 2.5 per cent to $1.72 billion in [the calendar year] 2020.

Extract from *Financial Review*, 6 May 2021

Check your learning
Log onto your obook pro to complete the questions for topic 1.2.

1.3 Analysing sources

Interpreting data

Economics and business students use charts, statistical tables, case studies, interviews and simulation games to help identify the cause of a problem or event and its likely outcome or effects. For example, the decline in demand for mining commodities such as coal, iron ore, zinc, nickel, copper and bauxite (the cause) has led to unemployment (the effect) in some parts of rural Australia. This is an example of a **cause-and-effect relationship**. Economics and business students also analyse data to identify patterns and relationships and make predictions.

cause-and-effect relationship
the link between what causes an action and the outcome of that action; an appreciation of the fact that events that take place (both short term and long term) are linked and can have impacts on people and places for many years to come

In economics and business, the answer to a question may not always be black or white; it may be many shades of grey. This is because it is a subject area where there are a number of alternative perspectives. For example, there are many reasons why youth unemployment is higher than the general rate of unemployment in Australia, and statistics may not provide all the answers. Numerous issues require you to weigh up alternative perspectives, all of which may be valid.

KEY SKILL
Analysing sources

Calculating income taxes

Analysing sources involves interpreting information to identify key points. Being able to interpret information from charts, graphs and tables is an important skill to develop when studying economics. Analysing data from these sources allows us to identify and explain relationships and trends.

The data in Source 7 shows the Australian income tax brackets for the 2020–21 financial year; that is, from 1 July 2020 to 30 June 2021. The text in the 'tax on this income' column shows the amount of tax a person pays for every dollar they earn. The more income a person earns, the higher their rate of tax.

Practise the skill

1 **Calculate** how much income tax each of these people will pay, using the income tax brackets in Source 7.
   - **a** Cecilia is a university student who earns $18 000 a year in her part-time job.
   - **b** Samantha is a dentist who earns $220 000 a year.
   - **c** Rafael is a teacher at a secondary school. He earns $100 000 a year.

Source 7 Australian income tax brackets for the 2020–21 financial year

Taxable income	Tax on this income
0–$18 200	Nil
$18 201–$45 000	19 cents for each $1 over $18 200
$45 001–$120 000	$5092 plus 32.5 cents for each $1 over $45 000
$120 001–$180 000	$29 467 plus 37 cents for each $1 over $120 000
$180 001 and over	$51 667 plus 45 cents for each $1 over $180 000

Source: ATO

Check your learning
Log onto your obook pro to complete the questions for topic 1.3.

1.4 Reasoning and decision making

Evaluating alternatives

In an economics or business situation, there will usually be more than one way to solve a problem or find the right solution. Before examining possible options, you must first do some preliminary work to find out about the topic. Read widely, consult your textbook, conduct research online and find out what experts say about the issue or question you are examining. Write a summary, and then refine your notes by writing a list of all the options. Next to each option, write the advantages and disadvantages or costs and benefits, and then delete those that are weak. Concentrate on the stronger options, and either make a decision about which one is best or conduct further research before deciding what is the best option.

Applying strategies to resolve economics and business issues

Reading about economics or business in your textbook or using online resources can only teach you so much. Applying knowledge to a real business situation is a valuable experience, and there are a number of ways you can do this:

- Talk to someone in business about their experiences to see how the things you have learnt in class apply in real life.
- Observe the world around you. When you next go shopping think about some of the things you have been studying, such as customer service, competition, **marketing** techniques and types of businesses.
- Try coming up with your own innovative business idea, and discuss it with others.
- Use opportunities to role-play or play simulation games as a chance to hone your skills and put what you learn into practice.

marketing
activities that businesses undertake to promote the buying or selling of products



Source 8 Talking to people in business will give you valuable insight into their experiences.

Check your learning
Log onto your obook pro to complete the questions for topic 1.4.

1.5 Communicating and reflecting

An important skill in economics and business is the ability to be able to communicate your thoughts and findings. You can present your findings in many ways, such as through multimedia presentations, posters or reports. Whichever format you decide to use, it is a good idea to include these features:

- an introduction – explain your question and define key terms
- an explanation of what research you did – why did you use the particular sources you chose?
- an explanation of your results – you might like to present your results as graphs or tables
- a conclusion – explain how you came to the conclusion you reached
- a proposal for action – what needs to be done now? Predict the consequences of your proposal.

When presenting your findings, remember that a common language is used in economics and business, just as it is in science and mathematics. Source 9 defines some commonly used terms. Additional economics and business terms can be found in the glossary at the end of this book, and are also defined throughout the chapters.

Quizlet
Become familiar with economics and business terms by reviewing them on Quizlet.

product
an item (either a good or service) that is offered for sale

small businesses
businesses that employ fewer than 20 people, according to the Australian Bureau of Statistics

Check your learning
Log onto your obook pro to complete the questions for topic 1.5.

Source 9 Some useful economic and business terms

Business	activity that involves producing goods or providing services in exchange for money
Cost–benefit analysis	estimating what will need to be paid (costs) and what possible profits will be derived (benefits) from a business proposal
Economics	the study of how people produce, consume and share wealth
Gross Domestic Product (GDP)	the total monetary value of all the goods and services produced by a country over a specific time period (usually a year)
Interest rate	the amount a borrower must pay to a lender for the use of assets such as money – usually expressed as a percentage of the total amount borrowed
Investing	putting money into shares, property or other financial schemes in the hope of making a profit
Opportunity cost	what we miss out on when making a choice
Unemployment rate	the percentage of people in the labour force who are actively seeking employment but cannot find work



Reflecting on the consequences of alternative actions

The decision to change a **product**, alter the price of a product or undertake a marketing campaign can lead to business success or failure. According to the Australian Bureau of Statistics, more than 60 per cent of **small businesses** close within three years of starting out. Good business planning and research, and reflecting on previous experiences, can provide a valuable guide for future business success.

Source 10 Businesses can be affected by external forces, such as the coronavirus pandemic, which caused many businesses to shut down either temporarily or permanently due to government restrictions.

CHAPTER 2

Understanding the global economy

Economics is the study of how people produce goods for other people to consume, and services for other people to use. More specifically, economics is about maximising the goods and services that can be produced from a limited supply of resources. Every country has its own way of organising the production and consumption of goods and services. This is known as an economic system.

Australia has a mixed economic system: most of the goods and services consumed are made by private enterprises and some are provided by the government. Consumer demand plays an important role in signalling to producers which goods and services are popular and successful.

Countries all over the world exchange goods and services. This is called international trade. Today, international trade is more common than ever before.



» **Source 1** Holden, an automobile manufacturer, was founded in 1856 in South Australia. Holden manufactured the first car entirely made in Australia – the FX 48-215 – in 1948. Holden ended manufacturing operations in Australia in 2017. Most cars in Australia are now manufactured by multinational companies in many different countries around the world.



2A

How does the economy work?

2B

What is Australia's place within Asia and the global economy?

2.1 An introduction to the Australian economy

In this topic, you will:

- outline different resources in the economy
- understand the meaning of opportunity cost.

Most of us know more about economics than we realise. Test your own economic knowledge by answering yes or no to the questions in Source 1.

Source 1 Take this quiz to see what you know about economics.

Test your economic instincts	Yes	No
1 You are given a wardrobe of new clothes. Would you still like to purchase other goods such as shoes or a new backpack?		
2 You already have a television, but have the opportunity to purchase a better one at a very reasonable price. Are you likely to purchase the new television?		
3 If you were selling homemade pies and knew they were popular, would you keep the price low?		
4 Mango farmers have experienced an unusually large harvest this season. Is the price of mangoes likely to rise?		
5 Are bananas more expensive than diamonds?		

If you answered yes to the first two quiz questions and no to the rest, you already have some understanding of economics. Our needs and wants are virtually unlimited and many of us would like to purchase more goods and services. Goods are physical items you can feel and touch, such as clothes, a skateboard, an iPad or even food. Services are non-physical things that assist us in some way or that we experience, such as attending a concert, having a haircut or getting help from a tutor.

At a very early age we learn that we can't have everything we want. It's the same in the wider **economy**. We have to make choices about what can be produced and consumed, because resources (used to make goods and services) are limited. Choices must be made about how best to use limited resources.

economy
a system that involves the production, distribution, trade and consumption of goods and services by individuals, businesses, organisations or governments

natural resource
input from nature, such as water, forests or fertile land, used in the production of goods and services

labour resource
a person's intellectual or physical skills needed to produce a good or service

capital resource
input from manufactured goods, such as machines or computers, that is used to produce further goods and services

Resources in the economy

Natural resources, labour resources and capital resources are the ingredients used to make all goods and services. These resources are limited.

Natural resources are resources that come from nature. These can include coal extracted from below the ground, fish taken from the ocean, or wood from trees.

Labour resources are the intellectual or physical skills of a worker that are needed to make a good or provide a service. The different jobs people do every day – whether they are a store manager, bricklayer or nurse – are all classed as labour. **Capital resources** are manufactured resources such as machinery, buildings, roads and bridges, which are used to produce and transport the goods and services we purchase.



What do you spend your money on?

CASE STUDY

How much money do you spend per week and what do you spend it on?

As reported by Business Insider Australia in 2017, teenagers spend most of their money on food (24 per cent), followed by clothing (19 per cent) and cars (9 per cent). Video games account for 8 per cent of teenager spending and electronics account for 7 per cent.

Many teenagers now have the technology (smartphones, tablets, computers) that allows businesses to market and advertise products to them. Advertising through social networking sites and emails keeps teenagers informed about the latest consumer goods.



Source 2 Many businesses are now using social networking sites to market their products.

spend
pay money to buy goods or services

product
an item (a good or service) that is offered for sale

Quiz me!
A quick quiz on the Australian economy

How to deal with the problem of scarcity

There aren't enough resources available to satisfy all our needs and wants. This is because resources devoted to one type of production cannot be used to produce something else. **Economists** call this scarcity. Resources are limited, so we must make the best use of them. Economics is about how to make the best choices with limited resources. At an individual level, for example, a person who purchases a car worth $20 000 may not be able to afford their next best preference – going on an overseas holiday. Forgoing the overseas holiday is the real cost of buying the car. Economists refer to this as **opportunity cost** – the value of the next best use of their resources.

economist
a person who studies the relationship between the resources that a particular geographic area (a country, for example) has and what that area can produce

opportunity cost
the value of the next best alternative use of resources

2.1 CHECK YOUR LEARNING

Review and understand

1 **Outline** the different resources in the economy.

2 Complete the table by **identifying** examples of the resources used to produce the goods and services listed.

Good or service	Natural resources	Labour resources	Capital resources
Car wash			
Bunch of flowers			
Guitar lesson			

Apply and analyse

3 A farmer can grow either wheat or rice or both. The sale price of both crops is the same. **Examine** the table shown.

Production possibility	A	B	C	D
Wheat (tonnes)	0	100	200	400
Rice (tonnes)	200	150	100	0

a **Determine** which production possibility (A, B, C or D) would give the farmer the best outcome.

b **Identify** the opportunity cost (the next best alternative) of the farmer producing 400 tonnes of wheat.

4 **Explain** what 'opportunity cost' is.

Evaluate and create

5 Do you think you spend more than your parents or carers did when they were teenagers? **Explain** your answer in a paragraph.

2.2

Characteristics of economic systems

In this topic, you will:

» describe the four main types of economic systems and how each answers the questions 'what', 'how' and 'for whom' to produce.

All countries use an economic system to ensure they use their scarce resources wisely. An economic system is a way of organising the production and distribution of goods and services. There are many types of economic systems, but all of them must answer the three economic questions shown in Source 3.

Imagine you are stranded with your classmates on a remote island, completely cut off from the rest of the world (see Source 4). In order to survive, you would have to develop a mini-economic system. 'What to produce?' will depend on what is available – perhaps fish and coconuts are readily available. The next question is 'How to produce?'. Perhaps someone will cook the fish on a camp fire and someone else will use a rock to split the coconuts. Once you've produced the items, you will need to answer 'For whom to produce?'. Perhaps each classmate will be allocated the same amount of food.



Source 3 The three economic questions all economies must answer



Source 4 If you were stranded on a desert island with your classmates, how would you organise what had to be done?

Types of economic systems

An economic system coordinates the production and distribution of goods and services. There are four main types of economic systems that answer the three basic economic questions in a different way. The four types of economic systems are traditional, planned, mixed and market. The way in which an economy is organised, in particular with regards to the ownership of the factors of production (land, labour, capital, enterprise) and the degree of government intervention, will determine the type of economic system it is.

Traditional or subsistence economy

In a traditional or **subsistence economy**, producers are self-sufficient, producing enough to survive rather than aiming to make a profit. Money is not used. 'What to produce?' depends on what is available through hunting, gathering and growing food. Customs and religious beliefs may influence the question 'How to produce?'. Production is usually shared, solving the question 'For whom to produce?'. There is no government involvement in the production and distribution of goods and services.

subsistence economy an economic system in which people produce enough for their own needs through methods such as hunting, gathering and farming; money is not used

There are very few subsistence economies still in existence. Some villages in rural Alaska are self-sufficient, with inhabitants fishing and hunting for food. The case study 'Could you live without money?' illustrates how one man in England opted for a subsistence lifestyle.

This economic system relies upon cohesion of the group, and techniques or customs passed from one generation to the next. Usually it results in little environmental damage and waste. The main disadvantage of this system is that natural events such as flooding and bushfires can destroy agricultural crops or the habitats that contain the group's main food sources. Food shortages can have devastating impacts on the community.



Based on small communities, families and tribes



Hunter and gatherer society



Relies on barter



Produces what is needed, with little waste

Source 5 A traditional economy relies on a group working together in order to survive.

CASE STUDY

Could you live without money?

Mark Boyle is known as the 'moneyless man'. He embarked on a life without money in 2008 and now lives by growing his own food, foraging, scavenging and bartering.

This has led to some creative thinking. Boyle runs his laptop and shower using solar power. His stove is made of huge olive tins. Going to the toilet just requires a spade and some recycled newspaper to use as toilet paper. Toothpaste is no problem when you can make it from cuttlefish and fennel seeds. Nettles found in the forest make a healthy green tea.

Boyle says, 'If we grew our own food, we wouldn't waste a third of it as we do today. If we made our own tables and chairs, we wouldn't throw them out the moment we changed the interior decor. If we had to clean our own drinking water, we probably wouldn't contaminate it.'

Boyle, an Irishman now living in Bath in England, is one of a number of individuals who live without money. American man Daniel Suelo stopped using money in 2000 and lived in a cave in Utah. He lived a moneyless life for 15 years. In 2017, he moved back to his hometown to care for his elderly mother.



Source 6 Mark Boyle lives without money. Could you?

Key skill worksheet
Reasoning & decision making: Could you live without money?

Market economy

market economy
an economic system in which private individuals exchange goods and services with consumers in a free market and, in return, keep the profit

In a **market economy** the factors of production are owned by private enterprise (producers). There is no government involvement in the production of goods and services.

Producers decide 'what to produce' based on what consumers want and the price they are willing to pay. This exchange takes place in a market, which may or may not be an actual physical space. As businesses are motivated by profit, it is important that producers 'listen' to the demand signals from consumers in order to succeed. In this type of system, the consumer is 'sovereign' (king/queen).



Source 7
In a market economy, buyers and sellers come together in the market. When there is an oversupply of a good, the price falls and many consumers will be enticed to buy, clearing the oversupply of goods.

The question 'How to produce?' is solved by the producer choosing the most cost-effective method of production. In Australia, with its small population of almost 26 million people, it is more cost-effective to be capital-intensive (to use robotics, automation and other machinery) to produce goods and services. A country like Indonesia, with an estimated population of 273 million people, is more likely to be labour-intensive in its production processes.

The question 'For whom to produce?' is affected by who has the money to pay for the goods and services. In a market economy, consumers seek to maximise their satisfaction. The higher the level of income and wealth they possess, the higher their purchasing power.

In the real world, a pure market economy does not exist. Most countries with **capitalist** leanings, including Australia, the US, Germany, France, the UK, Malaysia and Japan, have the majority – but not all – of the production of goods and services in the hands of private enterprise.

capitalist
relating to an economic system under which investment in, and ownership of, the means of production (e.g. factories, farms and machinery) are privately owned by individuals or corporations and run to generate profits

Planned economy

In a **planned economy**, all productive resources are owned by the government on behalf of the people. There is no private enterprise in this system. The government determines 'what to produce', 'how to produce' and 'for whom to produce'. Decisions may be made for reasons other than price and profit. This is called a planned economy because production takes place in line with the government's long- and short-term plans.

In a planned economy, the emphasis may not be on producing the goods and services consumers want, but may be directed to areas the government sees as desirable, such as defence. As a result, shortages of consumer goods may occur.

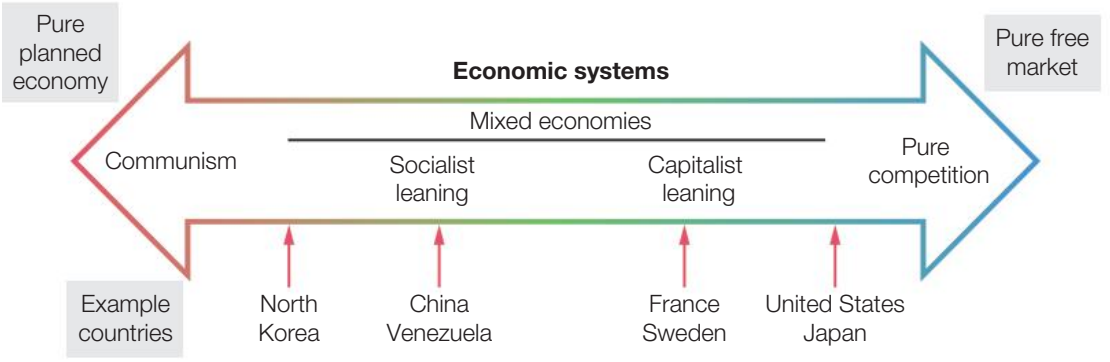
This type of economy in its pure form does not exist. Countries that most closely resemble this type of system are those that usually align with socialist and communist ideologies such as North Korea, China and Cuba. For example, many consumer goods in North Korea are in short supply, and trade in illegal goods through the black market thrives.

planned economy
an economic and political system where the government or state predominantly owns the resources and decides what goods and services to produce, how to produce them and who they will be distributed to

Mixed economy

Resources in this economic system are owned by a mix of government and private enterprise. Therefore the questions of 'What to produce?', 'How to produce?' and 'For whom to produce?' are decided by both the government and private enterprise.

There is no pure planned or pure market economy in the real world. Most countries have a mixed economy and sit somewhere between these two extremes (see Source 8).



Source 8 The degree of involvement of government and private enterprise in the production and allocation of goods and services varies among countries. This can be shown on a spectrum with the pure planned economy at one end and the pure market economy at the opposite end.

	Free market economy	Planned economy
Ownership	Firms owned by private sector	Industry owned and managed by the government
Incentives	Profit motivates owners and managers	Government gives little incentive to be efficient and profitable
Prices	Prices determined by supply and demand	Government controls price
Efficiency	Firms look for opportunities to be efficient and cut costs	Government-owned firms have fewer incentives to be efficient
Equality	Free market likely to lead to wealth inequality	Government may provide more equal distribution of resources
Examples	Singapore (with limited government intervention)	China (until 1970s), Cuba
Problems	Inequality, market failure, monopoly by big privately owned firms	Inefficiency, bureaucracy, shortages, surpluses, less choice, less freedom

Source 9 Differences between a market economy and a planned economy

See, think, wonder

Look at Source 9.

- What do you see?
- What do you think?
- What do you wonder?

Quiz me!

A quick quiz on economic systems

2.2 CHECK YOUR LEARNING

Review and understand

1 **Define** the term 'economic system'.

2 **Identify** the economic system for each of the following statements.

- **a** Firms are told what to produce by the government, who owns the productive resources.
- **b** Workers produce what they need to survive and money is not used.
- **c** Consumer demand is the most important factor in determining what businesses will produce.

Apply and analyse

3 **Describe** the four main types of economic systems and how each answers the questions 'what', 'how' and 'for whom' to produce.

4 **Suggest** one advantage and one disadvantage of living without money, as Mark Boyle does.

5 **Suggest** why few subsistence economies exist today.

Evaluate and create

6 **Research** recent examples of governments controllling prices to manipulate the market.

7 Some North Koreans have recently been willing to pay up to a day's wage for chocolate biscuits called 'choco pies' on the black market. **Discuss** why items such as chocolate biscuits are popular on the black market in North Korea.

8 **Evaluate** which type of economic system you think is the best.

2.3 Participants in the Australian economy

In this topic, you will:

» describe the characteristics of the Australian economy.

earn
obtain money in return for labour or services

free enterprise
an economic system in which privately owned businesses operate with minimal government interference, and can operate competitively for profit

profit
the amount of money a business earns after taking away its expenses

revenue
the income a business receives from its business activities, such as the sale of goods and services to customers

Australia is a mixed economy. Producers provide consumers with the goods and services they need, and in return consumers spend money buying these goods and services. Some consumers **earn** wages to pay for these goods and services.

One important characteristic of Australia's economy is **free enterprise**, where individuals can set up a business and make a **profit**. Businesses must pay tax to the government and comply with regulations. Businesses benefit the economy because the government is able to collect more tax (boosting its **revenue**), consumers are provided with goods and services, and individuals are employed and earn a wage.

More than just producers and consumers

The Australian economy doesn't just consist of consumers and producers. The government and financial institutions also play an important role.

Economic decisions made by any of the participants in Source 10 will have economic consequences. For example, if you decide to set up your own IT business, you will need capital equipment such as computers, desks and chairs. People will be employed making these capital products, and you may also have to employ IT consultants and administrators to help you run the business. These people will spend the wages they earn in these jobs on more goods and services after they have paid tax to the government. Some of the wages earned will also be saved in financial institutions, which will use those savings to lend money to other consumers. In this way, participants in the Australian economy are interconnected.

The overseas sector, where we are linked to international markets, is another key part of the Australian economy.



Consumers
- buy goods and services
- earn wages and salaries
- pay taxes
- receive government benefits
- save



Producers
- produce goods and services
- aim to make a profit
- pay wages
- pay taxes
- borrow money
- import and export goods and services



Government
- charge taxes
- pay wages
- spend on goods and services
- provide benefits, payments and services to Australians
- borrow money



Financial institutions
- hold savings
- lend money
- aim to make a profit
- pay taxes

Source 10 Key participants in the economy are consumers, producers, the government and financial institutions. They all play an important part in the circular flow of income model.

Australians buy goods and services from other countries (imports) and we also export goods and services overseas. This trade with other nations directly affects our economic welfare. There are many factors that influence trade, especially the constantly changing **exchange rate**. The exchange rate is the value of one country's currency when swapped with another country's currency. For example, $1 in Australian currency might be worth 72 US cents. If the Australian dollar rises in value against other currencies, it means Australian exports will be more expensive and imports cheaper. If the Australian dollar falls in value against other currencies, Australian exports will become cheaper and imports will become more expensive (see page 22 for more information on Australian trade).

exchange rate
the amount of one currency that can be exchanged for another at a particular point in time

CASE STUDY

What are some of Australia's booming businesses?

Carman's

When Carolyn Creswell was 18, she used her $1000 in savings to buy a muesli business. In 2014, she was ranked 25th on the BRW Young Rich list, with her wealth estimated at $83 million. Carman's produces a range of muesli products that are Australian-made and -owned. Carman's is a major food retailer, exporting to more than 35 countries. It was awarded Employer of Choice in 2019.

Milan Direct

Milan Direct, founded in 2006, is a market leader in selling designer furniture online and has the biggest share of the Australian online household furniture market. Dean Ramler, co-founder and CEO of Milan Direct, comes from a family of furniture makers. Dean's concept of selling designer furniture online only has paid off. Milan Direct was bought in 2015 by retailer Temple and Webster for $20 million. It is now traded on the Australian Securities Exchange under TPW. The company sells its furniture in Australia, the UK and Europe.



Source 11 Carolyn Creswell, owner of Carman's



Source 12 Dean Ramler, founder of Milan Direct

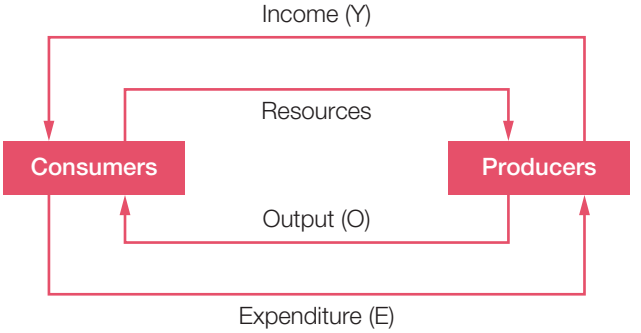
Models of the economy

The economy depends on the relationships between consumers and producers.

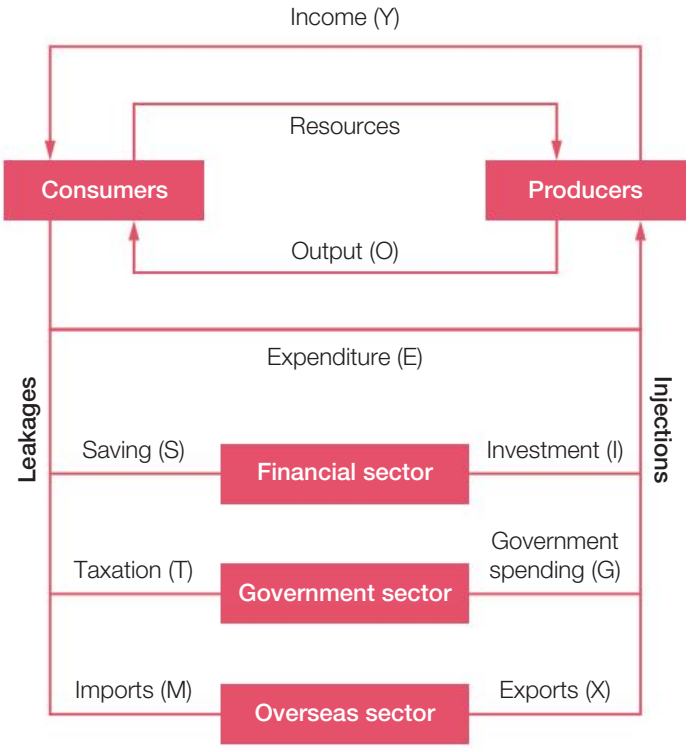
The two layers to the diagram in Source 13 show how this relationship works. In the inner layer, we can see that consumers (also known as households) work as a factor of production (resources). They contribute to producers (also known as firms) making goods and services (output).

In the outer layer, we see that consumers receive money (income) from the producers in return for the work they do. Consumers then contribute to the economy by purchasing goods and services (expenditure).

This diagram is known as the simple circular flow of income model. Its purpose is to show the flow of money and goods/services through the economy.



Source 13 The simple circular flow of income



Source 14 The five-sector circular flow of income model

The diagram in Source 14 uses a similar model to show how money flows through the economy with more participants. This is the called the five-sector circular flow of income model. As well as consumers and producers, this diagram includes the financial, government and overseas sectors:

- Financial sector – consists of banks and non-banking institutions such as credit unions, building societies and the stock market.
- Government sector – represents our federal government. It uses a mix of money from taxes paid by consumers, and money the government sets aside in its budget every year.
- Overseas sector – represents the interaction between Australia and the rest of the world. It consists of trade in goods, services and foreign investment between nations.

Leakages and injections

The term **injections** is used to describe the money that enters the economy. There are three sources of injection in the model in Source 14:

- Investments – money spent by producers on capital goods such as machinery and new technology. This spending is considered an injection because it often creates new jobs, as well as new goods and services.
- Government spending – money spent by the government to provide community needs and wants. This spending is considered an injection because it increases the welfare of the Australian people in different areas, including education, social welfare and health services. Governments can introduce a special transfer payment for a set period of time. For example, during the COVID-19 pandemic, a payment called JobKeeper was introduced so businesses could maintain staff.
- Exports – money made from goods and services that Australians sell to overseas countries. The money from exports then flows into the Australian economy.

Analyse this!
The circular flow of income

injections
money that enters the economy

By contrast, the term **leakages** is used to describe money that leaves the economy. There are three sources of leakage in the model in Source 14:

- Saving – money consumers save instead of spending on goods and services.
- Taxation – money all Australians must pay to the government sector.
- Imports – money made from the goods and services that Australians purchase from overseas producers. As a result, the money flows into overseas economies instead of Australia's economy.

leakages
money that leaves the economy

Imagine that the economy is a car. A car has a complex but interconnected set of functions that work together to make sure the car works the way that it should. The engine, the petrol, the oil, the brakes and the accelerator all play their part in making sure that the passenger driving the car can get from point A to point B.

The economy is no different. All the participants play important roles to make sure the economy functions the way that it should.

When more money enters the economy than leaves (injections are greater than leakages), there is **economic expansion** (economic growth). In other words, if there is a full tank of

economic expansion
an increase in the level of economic activity, and of the goods and services available; this period of economic growth is measured by a rise in GDP

petrol, then the car will work to its full potential. However, when more money leaves the economy than enters (leakages are greater than injections), there is **economic contraction** (economic decline). For example, if there is a hole in the petrol tank, you might find the next time you are driving, the car does not travel as far as you expected.

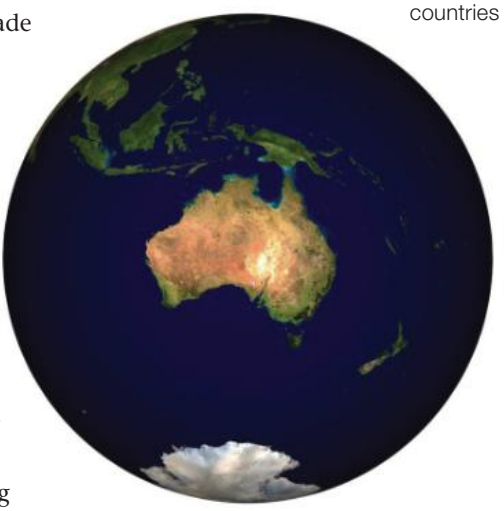
economic contraction
a decrease in consumer demand for goods and services; reduction in number of employees in businesses; no wage growth

Australia and the global economy

Globalisation is a term you may have heard before, possibly in the news. It means that all the countries of the world are linked and should be seen as one worldwide, or global, economy.

Australia is linked to the global economy because of:

- trade with other nations – we import goods and services made overseas into Australia, and export goods and services from Australia to other countries
- foreign direct investment – foreign funds are used to establish new or existing businesses in Australia
- an international market for labour – Australians work overseas and people from other countries come to work in Australia
- technology – we can quickly and efficiently communicate with potential customers all over the world
- **migration** – people come from overseas to live in Australia.



With the improvements in technology and telecommunications, the economies of the world are becoming increasingly interdependent. Australian businesses have had to adapt to the changing business environment. Many businesses now source products from overseas or have part or all of their products made overseas.

globalisation
the increasing interconnectedness of countries around the world

migration
the movement of people from one place to another

2.3 CHECK YOUR LEARNING

Review and understand

1 **Identify** the four participants in the Australian economy.
2 **Describe** the purpose of the circular flow of income model in Source 13.
3 **Explain** how Carman's participates in the Australian economy.

Apply and analyse

4 Imagine you set up a hairdressing salon.
   a **Describe** the service you are providing for the consumer.
   b **Identify** what the consumer gives you in return for providing this service.
   c **Identify** some of the costs you incur as the owner of your hairdressing salon.
   d Does the government affect your hairdressing business? If so, **explain** how.
   e **Summarise** why you might need the services of a financial institution, such as a bank, for running your business.
5 **Explain** what is meant by the terms 'leakages' and 'injections'. Use an example of each to support your response.
6 **Distinguish between** economic expansion and economic contraction. Remember, when you distinguish between two things, you need to talk about how they are different.
7 **Summarise** Australia's link to the global economy.

Evaluate and create

8 In pairs, **discuss** the following aspects of starting a new business:
   a If you were going into business, what product or service would you be most interested in selling?
   b Is there an international market for your product or service?
   c How will your product or service stand out from others in the market?

Key skill worksheet
Communicating & reflecting: The effects of globalisation

2A RICH TASK

Quizlet
Revise the key terms you have learnt so far.

The end of car manufacturing in Australia

Increased competition from overseas is one of the adverse effects of globalisation. This has led to some business closures in Australia.

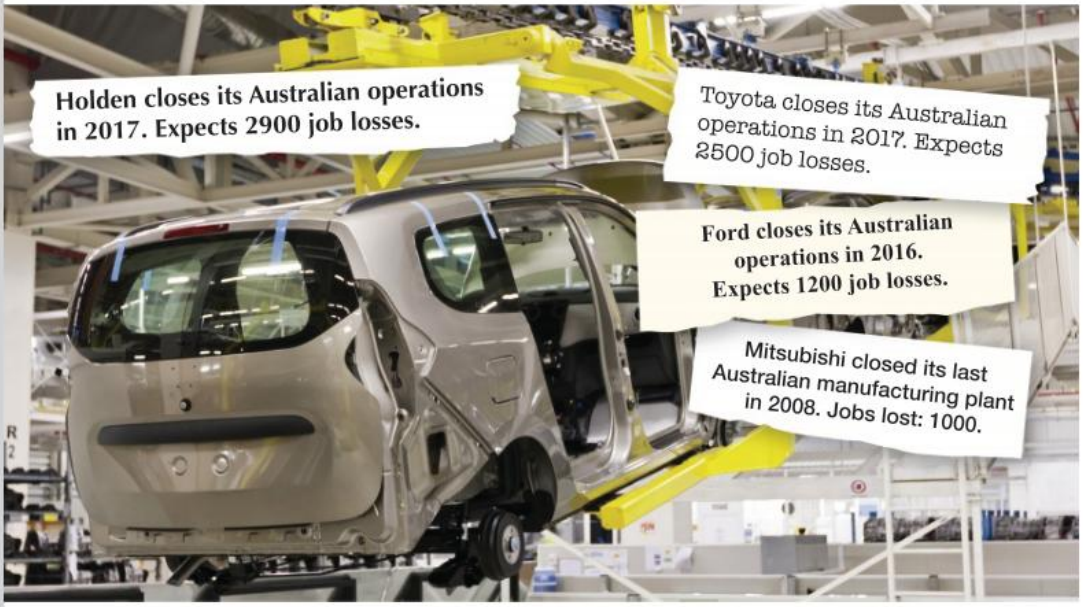
Mitsubishi closed its last Australian car manufacturing plant in 2008. Holden, Toyota and Ford no longer manufacture cars in Australia. GM Holden boss Mike Devereux declared, 'As painful as it is to say, building cars in this country is just not sustainable'.

Reasons for the decline in the Australian automotive industry include pressure from imports. Australians now have 65 brands and 365 car models to choose from, making Australia the most competitive automotive market in the world.

The more cars that are produced, the cheaper they become, and Australia did not produce cars in large enough volumes. The high Australian dollar made our exported cars more expensive overseas and imported cars cheaper in comparison.

The Holden, Ford and Toyota closures have sparked concern for businesses that supply car parts. Lawyer Evan Stents, who specialises in the automotive industry, raised concerns about job losses in those businesses, saying, 'For every one manufacturing job at Ford, there are probably another four jobs that are threatened in the parts industry'.

Workers made redundant have their own tale to tell. Fifty-five-year-old Moji Behbahani, who worked for Ford for 23 years, described losing his job: 'I have to work. I have so many friends there, it is like a second family.'



Source 15 The decline of the automotive industry in Australia

KEY SKILL
Reasoning & decision making

Identifying the consequences of business decisions

Businesses make decisions all the time, such as whether to hire staff or produce a new product using sustainable resources. The closure of a business is an example of a decision that can have far-reaching consequences, not only for the business owners and staff, but for the economy as a whole. Identifying the consequences of a business decision is vital to:

- reduce unwanted side effects
- provide assistance to those who are affected by the decision
- turn a negative business decision into a positive outcome.

Step 1 Clarify exactly what you are being asked to do. You must specifically identify consequences. Consider using a dictionary for the meaning of 'identify' and 'consequence'. It is also helpful to find synonyms for these words. Rewrite the task if it is easier for you so that 'identify consequences of a business decision' becomes 'look for the effects or outcomes of the business decision'.

Step 2 Be clear about what business decision has been made and try to state the decision in just one sentence.

Step 3 *Who* will be affected by the business decision? Identify groups/people that will be affected by the decision.

Step 4 *How* will groups/people be affected by the business decision? Identify how each group might be affected. Brainstorm possible effects on each group.

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.

Practise the skill

1 Read the information provided on the decline of the automotive industry in Australia, then copy the following table (adding as many rows as you need). **Identify** the groups/people affected by cars not being made in Australia and outline how these groups/people will be affected. Remember that the information provided will not have all the answers; you will have to think further about the consequences for certain groups. The first answer has been done for you.

Groups/people affected by cars not being made in Australia	How the group/people will be affected by cars not being made in Australia
Car manufacturer	• Their business will now survive and operations will continue in other countries where profit can be made. • Car sales may decline in this country. • Redundancy payments (when the employer makes a payment to the employee whose job is no longer needed) will need to be made, affecting profit outcomes. • The factory site will be sold and some of the proceeds returned to the company.

2 In two or three paragraphs, **discuss** the consequences of the decision to stop car manufacturing in Australia.

Extend your understanding

1 **Identify** another industry in Australia that is in decline.

2 Set up the following table to help you **identify** who will be affected and outline how they will be affected by the decline of the industry. Search online for more information.

Groups/people affected by the decline of the industry	How the group/people will be affected by the decline of the industry

3 In two or three paragraphs, **discuss** the consequences of the decline of this industry in Australia.

2.4 Australia, Asia and the global economy

In this topic, you will:

» investgate Australia as a trading nation and its place within Asia and the global economy.

Australia's economy is a medium-sized one in the global arena, representing around 1.3 per cent of the world's production. It is not a large exporter by world standards (see Source 1). Nevertheless, international trade – that is, buying goods and services from and selling them to other countries – is important to us.

Australia is an exporter and importer of goods; that is, Australia produces goods locally to be sold overseas, and buys goods from overseas. Examples of Australian exports include beef, wheat, pharmaceuticals, wine, beer, and education and travel services. By contrast, examples of goods and services that Australia imports include cars, computers, telecommunications equipment and personal travel services.

The top 15 exporting countries in 2018

1	China	9	Hong Kong
2	United States	10	Italy
3	Germany	11	Singapore
4	Netherlands	12	Belgium
5	Japan	13	Canada
6	France	14	India
7	United Kingdom	15	Russia
8	South Korea	24	Australia

Source 1 In 2018–19, Australia ranked 24th in global exports.

Australia has an abundance of natural resources such as coal, iron, copper, gold, natural gas, uranium and renewable energy sources (see Source 2). These types of natural resources are sometimes referred to as **commodities**. They have been in high demand in Asian countries, particularly China, for the manufacture of consumer goods sold around the world.

commodities
raw materials or agricultural products that can be bought and sold

The importance of trade

Trade with other nations is important; nations will not trade unless it is beneficial to do so. Some of the reasons trade is important:

- Australia earns money by exporting its goods and services.
- International trade provides employment for both Australians and people overseas.
- Australia can buy products from other countries that it does not produce itself.
- Trade provides the opportunity to purchase goods and services at lower prices.
- Australia can sell products that other countries need.
- Trade allows domestic producers to expand their levels of production to meet the demands of a bigger global market. This may result in producers reaching **economies of scale**.
- When faced with overseas competition, Australian producers are forced to become more productive.
- Trade means nations specialise in areas of production where they have a competitive advantage, resulting in a more efficient allocation of resources.

economies of scale
savings in costs resulting from higher levels of production

In addition to the exchange of goods and services between Australia and the rest of the world, other countries invest directly in Australia by setting up businesses or expanding their existing business operations into Australia. Chances are your favourite chocolate bar was made in Australia, but the company that produced it was the British company Cadbury.

In 2018–19, trade as a whole was equal to 45 per cent of Australian gross domestic product (GDP) and was directly responsible for one in five Australian jobs. Businesses with foreign investment generated around 40 per cent of Australian exports, and foreign investment supported one in 10 jobs in Australia.



Source 2 Australia's trade figures for 2018–19 present a healthy picture of its trade and investment in the global market.

Australia's major trading partners

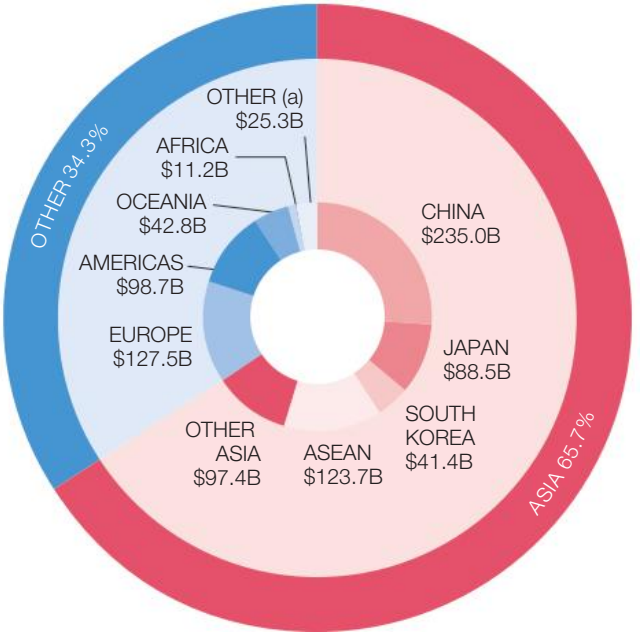
Analyse this!
Australia's trade figures

The UK was Australia's major trading partner in 1900, receiving nearly 60 per cent of all Australian exports. This was because Australia was a British colony and had strong ties with Britain. This strong relationship continued into the 1950s, when Australia traded mainly with the UK and other European countries. Since then, there has been quite a dramatic shift in the countries we predominantly trade with. The UK now only receives 2.9 per cent of our exports, while China receives 32.6 per cent of our total exports of goods and services.

Growth in trade with Asia

According to the Department of Foreign Affairs and Trade (DFAT), at least half of our total imports have come from Asian economies since the year 2000. Australian imports rose to a total value of $421.4 billion in 2018–19. In the same year, exports were $373 billion. This represents an increase of 18.3 per cent from the previous year and continues an expansion in exports that started five years earlier.

According to DFAT, 'Asian partners dominate Australia's two-way trade flows, as Australia's economy continues to complement those of a growing Asia. Asia overall stands to deliver nearly two-thirds of global growth to 2030' (see Source 3).



Source 3 Australia's two-way trade in 2018–19 highlights the importance of the Asian region to the future growth of Australia.

What Australia imports and exports

primary products
products that exist in their natural state and that have not been used to make other goods and services

What Australia imports and exports is called the 'composition' of trade. A large percentage of our exported goods in 2018–19 were **primary products**. These are products that are produced from raw materials and are not manufactured. Agriculture, fishing, mining and forestry are examples of primary industries. Refer to Source 5 and count how many of Australia's major individual exports are primary products.

DFAT data shows that the greatest contribution to Australia's exports in 2018–19 was made by the minerals and fuels sector. The second largest was the services sector, which includes education. The services sector as a whole accounts for nearly three-quarters of the Australian economy and a majority of Australian jobs. Tourism is another sector that is vital to the economy – in 2018–19 it was worth $152 billion in Australia and employed 666 000 people, up 3.3 per cent on the previous year.

Personal travel services is the largest component of import spending in Australia. In 2018–19 it accounted for 11 per cent of total import values. This number changed dramatically in 2020 when the COVID-19 pandemic began and restricted tourism to Australia. Refer to Source 8 and count how many of Australia's major imports are services.

Graph it!
Australia's exports



Source 4 Primary products make up 75 per cent of Australia's exports.

Australia's top 20 exports 2018–19

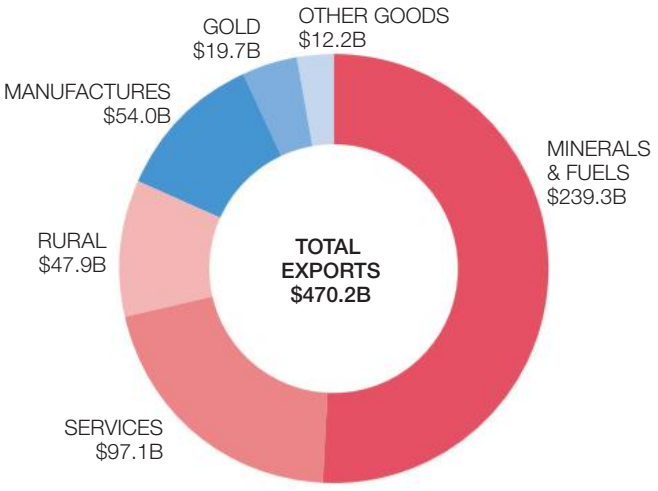
Rank	Commodity[a]	$ million	% share	% change
1	Iron ores & concentrates	77 189	16.4	25.7
2	Coal	69 592	14.8	15.3
3	Natural gas	49 731	10.6	60.9
4	Education-related travel services[b]	37 556	8.0	15.2
5	Personal travel (excl. education) services	22 450	4.8	5.2
6	Gold	18 867	4.0	-2.2
7	Aluminium ores & concentrates (incl. alumina)	11 358	2.4	20.2
8	Beef	9 476	2.0	19.0
9	Crude petroleum	8 491	1.8	30.5
10	Copper ores & concentrates	5 936	1.3	4.1
11	Professional services	5 626	1.2	8.3
12	Meat (excl. beef)	5 152	1.1	13.8
13	Telecom, computer & information services	5 081	1.1	20.4
14	Financial services	4 933	1.0	8.0
15	Technical & other business services	4 662	1.0	5.1
16	Aluminium	4 251	0.9	3.8
17	Copper	3 968	0.8	37.3
18	Wool & other animal hair (incl. tops)	3 815	0.8	-4.2
19	Wheat	3 657	0.8	-21.4
20	Other ores & concentrates	3 554	0.8	13.2
	Total exports[c]	**470 170**	**100.0**	**16.6**

(a) Goods trade is on a recorded trade basis. Services trade is on a balance of payments basis.
(b) Includes student expenditure on tuition fees and living expenses.
(c) Total exports on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 & 5368.0.

Source 5 Iron ores and concentrates are Australia's largest individual export items.

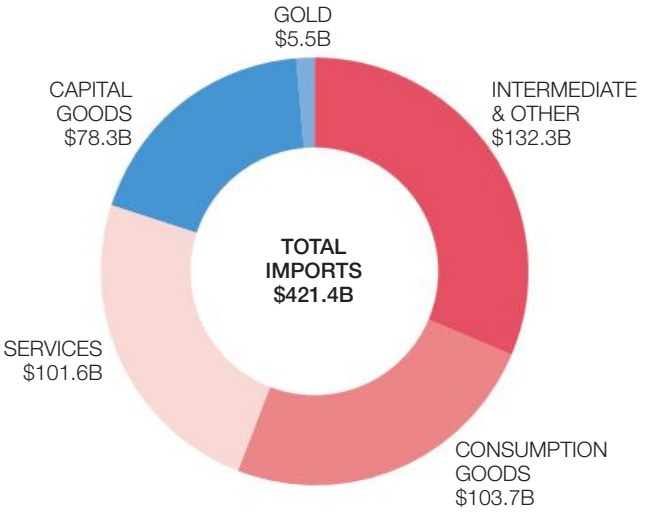
Australia's exports by sector 2018–19



Based on ABS catalogues 5302.0 & 5368.0.

Source 6 The minerals and fuels sector accounted for over half of Australia's export earnings in 2018–19.

Australia's imports by sector 2018–19



Based on ABS catalogues 5302.0 & 5368.0.

Source 7 Australia's imports by sector show the importance of intermediate goods to the production of goods in Australia.

Australia's top 20 imports 2018–19

Rank	Commodity[a][b]	$ million	% share	% change
1	Personal travel (excl. education) services	46 343	11.0	8.6
2	Refined petroleum	25 083	6.0	15.7
3	Passenger motor vehicles	21 574	5.1	-7.4
4	Telecom equipment & parts	14 590	3.5	8.8
5	Crude petroleum	13 412	3.2	14.3
6	Goods vehicles	10 571	2.5	3.8
7	Freight transport services	10 114	2.4	7.3
8	Computers	9 763	2.3	10.5
9	Professional services	7 775	1.8	16.8
10	Passenger transport services[c]	7 534	1.8	5.5
11	Medicaments (incl. veterinary)	7 481	1.8	4.4
12	Gold	5 517	1.3	-15.6
13	Technical & other business services	5 457	1.3	5.6
14	Civil engineering equipment & parts	5 085	1.2	19.8
15	Charges for intellectual property	4 996	1.2	8.0
16	Furniture, mattresses & cushions	4 990	1.2	11.0
17	Telecom, computer & information services	4 878	1.2	14.7
18	Pharm products (excl. medicaments)	4 842	1.1	13.0
19	Business travel services	4 296	1.0	2.1
20	Electrical machinery & parts	3 960	0.9	7.2
	Total imports[d]	**421 394**	**100.0**	**6.5**

Source 8 This table shows Australia's top individual imports. Many Australians travel, and our top import between 2010 and 2018–19 was personal travel services.

Graph it!
Australia's imports

(a) Goods trade is on a recorded trade basis. Services trade is on a balance of payments basis.
(b) Excludes imports of large aircraft which are treated confidentially by the ABS. DFAT estimates aircraft imports would rank within Australia's top 20 imports with a value around $4.6 billion in 2018–19.
(c) Includes related agency fees & commissions.
(d) Total imports on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 & 5368.0.

CASE STUDY

How do you make a plane these days?

Soon there might have to be a label that reads 'Made in the world'. Products are increasingly being created internationally. A product may, for example, be designed, manufactured, assembled and marketed in several different countries.

The Boeing 787 Dreamliner is an example of a global product. Part of the plane's wing is designed and produced in Melbourne at Boeing Aerospace Australia. Assembly takes place in the US. Source 12 shows that the plane's parts or components are sourced from countries all over the world.

Producing a global product may be beneficial for a number of reasons. The latest information technology in the world can be sourced. Costs of production may also be reduced by choosing the country that can assemble or produce the components the cheapest.



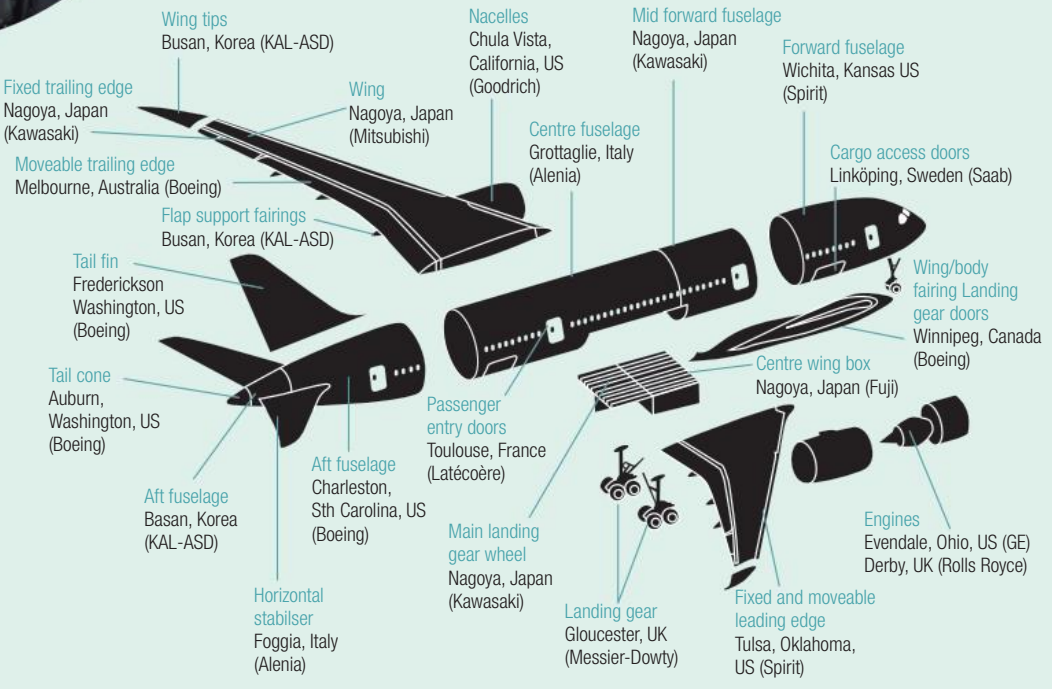
Source 9 The Boeing 787 Dreamliner took to the skies for the first time on 15 December 2009.



Source 10 The cockpit of a Boeing 787 Dreamliner

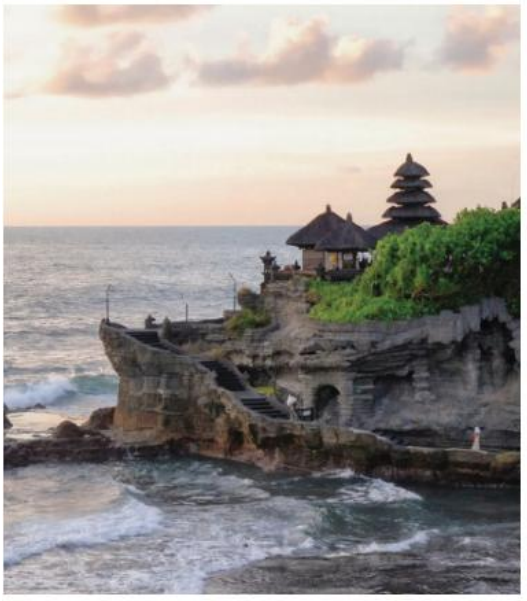


Source 11 The economy cabin of a Boeing 787 Dreamliner



Source 12 Countries from all over the world work together to make the Boeing 787 Dreamliner.

Watch it!
A video and quiz on aircraft manufacture in China



Source 13 In 2018–19, Australians travelled overseas in record numbers. Indonesia (Tanah Lot Hindu Temple in Bali is shown here), Thailand and the United States were among the most popular destinations.



Source 14 Passenger vehicles manufactured overseas in countries such as Japan, Korea and Germany are Australia's third-largest import. Mazda's Hofu plant in Japan is shown here.

I used to think, now I think

Reflect on Australia's place in the global economy and complete the following sentences.

- I used to think ...
- Now I think ...

What has changed in your understanding?

Weblink
Countries, economies and regions

2.4 CHECK YOUR LEARNING

Review and understand

1 **Outline** the difference between an import and an export.
2 **Explain** why nations trade with each other.
3 **Describe** the change in Australia's major trading partners from the 1950s to today.

Apply and analyse

4 **Analyse** the type of products Australia mostly exports and explain the reason for this.
5 **Explain** how trade with another country can affect employment.

Evaluate and create

6 The top 10 countries Australia sourced its imports from in 2018–19 were Malaysia (3.2 per cent), United States (12.3 per cent), Japan (6.4 per cent), Singapore (4 per cent), Thailand (4.1 per cent), China (19.4 per cent), Germany (4.5 per cent), United Kingdom (4 per cent), New Zealand (3.5 per cent) and South Korea (3.2 per cent).
   a **Rank** the countries from 1 to 10, with 1 being the country we import from the most.
   b Using these statistics, **create** a bar chart (either in Excel or by hand) to display the top 10 countries Australia imports from.
7 **Discuss** Australia's place in the global economy. Follow the TEEL paragraph structure to talk about:
   a our world ranking as an exporter
   b the total percentage of world exports Australia produces
   c Australia's major trading partners.

   Remember that the best discussions always use evidence to support any arguments being made.
8 Go to the 'Countries, economies and regions' section of the DFAT website (a link is provided on your obook pro). Each country has a fact sheet. Choose a country you are interested in and **create** a PowerPoint presentation of our trading relations with that country. Include the following:
   a a map showing where this country is in relation to Australia
   b the major goods and services exported and imported by this country
   c the total value of Australia's exports and imports with this country
   d Australia's trade relations and trading history with the country.

2B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

How China became Australia's largest trading partner

China is Australia's largest trading partner. China's economic reforms in the 1970s saw it change from a planned socialist economy to a more market-based economy. China also increased its trade with the rest of the world, reducing its tariffs (taxes on imported goods and services) and other barriers to trade.

The China–Australia Free Trade Agreement was signed between Australia and China in 2015. The agreement states that 95 per cent of Australian exports to China will be tariff-free. That means Australia's goods and services will be cheaper to buy in China, so the hope is that demand for Australian exports will rise. Australian tariffs on Chinese imports will also be eliminated over time, resulting in lower prices and greater availability of Chinese products in Australia.

The performance of the Chinese economy is important to Australia because it affects Australia's export performance. Over a quarter of all Australian exports are currently sent to China. It is hoped that there will be continued demand for our exports in the future. As incomes in China grow, there may be increasing demand for Australian food products, manufactured products requiring skilled creation and assembly, and services.

In 2020 Australia called upon the World Health Organization to launch an international investigation into the origins of COVID-19. This resulted in an escalation of political tensions between Australia and China. Some political commentators in Australia believe an increase in trade restrictions, such as tariffs on Australia's barley and wine exports to China, was in retaliation. After the new tariffs on barley and wine were introduced, China placed further trade restrictions, including banning or suspending imports of, and placing quotas on, products including Australian red meat, cotton and timber. Australia's coal and lobster exports also faced difficulties accessing the Chinese market.

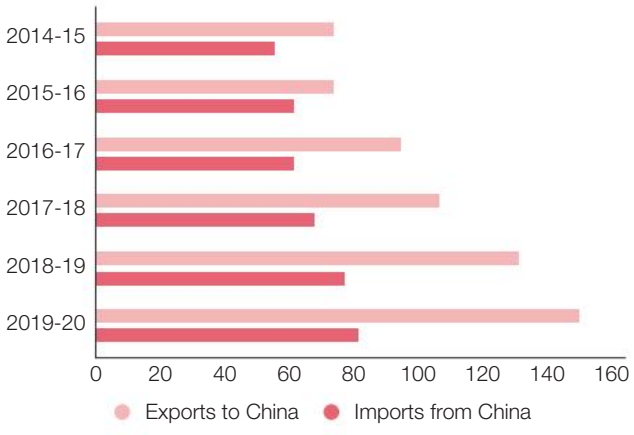
The Chinese Ministry of Commerce declared that the tariffs were in response to an investigation started before the pandemic was declared, and were imposed due to Australia dumping and subsidising the exported products.

Source 15 China is Australia's major trading partner.



	Exports to China ($b)	Imports from China ($b)
2014-15	75	57
2015-16	75	61
2016-17	95	61
2017-18	106	68
2018-19	134	78
2019-20	150	81

Source 16 The value of Australia's imports and exports with China between 2014 and 2020



KEY SKILL
Analysing sources

Reading and interpreting data tables

A table consists of rows of data that run horizontally and columns of data that run vertically. The first row and column of the table typically do not include any numerical information. Instead, they identify the names of what is being shown.

Being able to read and interpret a table of statistics provides the information we need to solve problems, investigate reasons why a problem has occurred, prove a point and strengthen an argument we are trying to make.

Step 1 Read the table heading or caption to gain an overall idea of what the table is about. Then, read the names of the columns and rows that do not have numbers in them. The first column in Source 16 tells us the years. The second column tells us the value of total exports to China in billions of Australian dollars. The third column tells us the value of total imports from China in billions of Australian dollars.

Step 2 Try to make some observations about the data you see. As you read the value of exports for each year, try to observe whether there is a trend. Are the numbers generally increasing or decreasing or do they fluctuate? It's not enough to say that Australian exports to China increased over the 6 years to 2020. Has there been a gradual increase from one year to the next or has there been drastic growth in the value of exports to China? Are there any years that stand out as exceptionally good or poor? It may also help if you calculate the percentage change from one year to the next.

Step 3 Consider drawing a graph from the data so you can more easily see the trends. Copy the table into an Excel spreadsheet, select the table, click the 'Insert' tab and choose a chart (see Source 17). Perhaps try a line graph.

For more information on this key skill, refer to page 9 of 'The economics and business toolkit'.

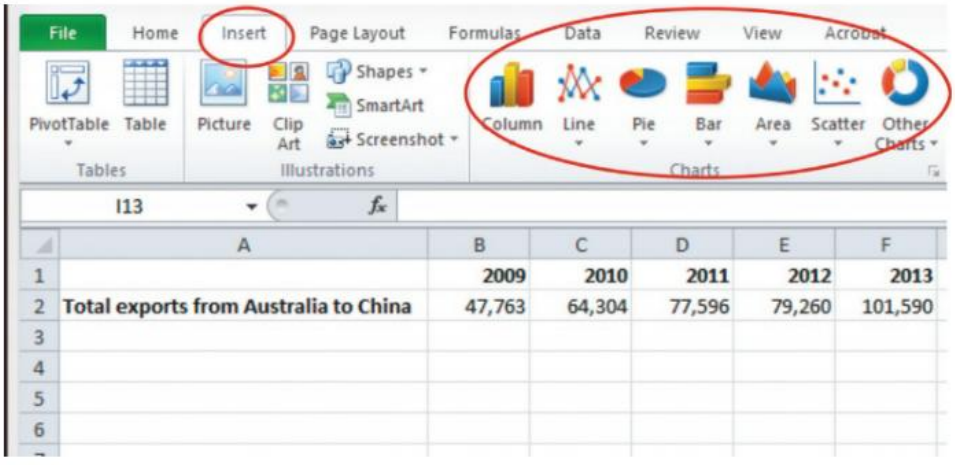
Practise the skill

1 Interpret the table in Source 16 and **describe** the change in Australia's total exports to China in the years from 2014 to 2020. Use Excel to create a line graph to accompany your description.

Extend your understanding

1 **Compare** imports and exports in the year 2014–15. Did we export more goods and services to China than we imported from them?

2 **Explain** why the performance of the Chinese economy may affect Australia's export performance.



	A	B	C	D	E	F
1		2009	2010	2011	2012	2013
2	Total exports from Australia to China	47,763	64,304	77,596	79,260	101,590
3						
4						
5						
6						

Source 17 The tools to create a simple chart in Excel; the example here includes historical data from 2009 to 2013.

2 CHAPTER REVIEW

Review questions

2A How does the economy work?

1 **Define** the term 'economy'. (1 mark)

2 **Explain** what is meant by the term 'traditional economy'. (3 marks)

3 **Create** a diagram that shows the five-sector circular flow of income. (6 marks)

(Total: 10 marks)

2B What is Australia's place within Asia and the global economy?

1 **Identify** Australia's two biggest trading partners. (2 marks)

2 **Summarise** why trade with other nations is important. (3 marks)

3 **Describe** an example of a good or service that is imported to Australia that you have purchased or used. Suggest how this good or service would be different if it were produced in Australia. (5 marks)

(Total: 10 marks)



Source 18 In 2018, 45 per cent of Fairtrade flower workers were women.

Review activity

Read the information and study the sources, then answer the following questions.

Fairtrade flowers

In 2018, more than 60 000 flower workers worked with Fairtrade; 45 per cent of these flower workers were women. Certified Fairtrade farms must ensure a certain standard of working conditions and safety for their employees. These farms receive a premium of 10 per cent for every stem sold, which allows workers to invest in health care, education and other social benefits. Some of these Fairtrade flowers come from farms in Kenya, Ethiopia, Sri Lanka, Ecuador, Uganda and Tanzania. In 2019, there were 934 000 000 Fairtrade flower stems sold around the world.

Source 19

> Fairtrade changes the way trade works through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries.
>
> By choosing Fairtrade, people can create change through their everyday actions. A product with the Fairtrade mark means producers and businesses have met internationally agreed standards which have been independently certified.
>
> Fairtrade International

Source 20 Fairtrade flower-producing countries in 2018 (the premium amounts are shown in euros; 1 euro = approx. A$1.60)

Country	Premium received (€)	Volume sold as Fairtrade (stems)	Number of producer organisations	Number of workers
Kenya	€4 571 904	439 076 882	45	39 889
Ethiopia	€1 029 661	305 516 407	7	20 852
Tanzania	€449 043	47 837 928	2	1667
Ecuador	€378 182	8 077 020	11	2337
Rest of the world	€225 964	24 851 629	7	4624
Total	**€6 654 754**	**825 359 867**	**72**	**69 369**

1. **Identify** the percentage of Fairtrade flower workers that are women. (1 mark)
2. **Define** the term 'fair trade'. (1 mark)
3. **Describe** the role Fairtrade plays in this industry. (3 marks)
4. **Identify** which country in 2018 had the largest volume of flowers sold and number of workers, stating the amounts. (3 marks)
5. **Create** a simple bar graph by using the data in Source 20:
   - **a** Label the horizontal axis as 'countries'.
   - **b** Label the vertical axis as 'number of producer organisations'.
   - **c** Plot the data.
   - **d** Give your graph a title. (10 marks)
6. Use the data in your graph to **describe** the trend in locations of organisations producing Fairtrade flower. (2 marks)

(Total: 20 marks)

Check your Student obook pro for these digital resources and more:

- **Student book questions** Chapter 2
- **Key skill worksheet** Communicating & reflecting: Chapter 2
- **Quizlet** Play a game of Quizlet on Understanding the global economy.
- **Chapter review quiz** Chapter 2

CHAPTER 3

Strategies to manage financial rewards and risks

This woman is practising an extreme balancing sport known as highlining. Managing your finances can also require careful balancing.

Knowing how to save, earn interest and invest properly can provide many financial rewards. In Australia and in the global economy, there are many financial risks (such as scams) that can cause people to lose money.

However, people can protect themselves from financial risk, and use strategies to manage their finances and keep them balanced.



Source 1 Managing your finances can be a challenging balancing act.



3A
How can I save more and spend less?

3B
What strategies can be used to increase financial rewards?

3C
How can individuals safeguard against financial risk?

3.1 Saving money

In this topic, you will:

- understand the importance of saving money
- explain the difference between good and bad debt.

Put simply, **saving** means putting money aside to spend at a later date. Some of us are better savers than others. Compete the quick quiz (Source 1) to find out if you have what it takes to be a good saver.

If you answered 'yes' to any of these questions, chances are you already know something about saving and are a reasonably good saver.

saving
setting aside money to spend later

Source 1 Answer these questions to find out if you are a good saver.

Are you a good saver?	Yes	No
Have you ever saved to buy something you really wanted but couldn't afford straight away?		
Before you spend money on something, do you ask yourself whether you really need it or not?		
Have you thought about doing work, such as babysitting, walking dogs or delivering advertising brochures, to earn extra cash?		
Have you considered ways your family could save money on things such as energy bills, food or clothing?		

Why do people save money?

People save money for a variety of reasons, including saving for emergencies, to pay for expensive goods or services, or for financial freedom and security.

There are two simple ways to increase the amount of money you save:

1. Earn more. If you have a casual job, you may be able to save some of the money you earn, even just a small amount. You could also earn more through **investing** your money.
2. Spend less. Monitor what you spend your money on. Identify areas where you might be wasting money and hold off buying items you can easily live without.

investing
putting money into shares, property or other financial schemes in the hope of making a profit

CASE STUDY

Is it really a bargain?

If you love going to sales and racking up bargains on your credit card, your purchases might end up being quite expensive if you cannot quickly pay your credit **debt**. Recent Reserve Bank figures show that Australians owe about $20 billion on credit cards.

Even if you pay the minimum monthly credit card repayment, you will also pay a considerable amount in **interest**. The Moneysmart website has a credit card calculator that calculates how much interest you would pay if you only pay the minimum monthly repayments. For example, on an 18 per cent **interest rate** it would take 33 years to pay off a $5000 credit card debt. The interest you would repay on this debt would be $12 181.

Financial commentator Paul Clitheroe commented that getting into debt is more about spending too much. 'I often encounter the view that money problems would be solved if we earned a bigger income. Experience has taught me this isn't always a magic cure. We have a tendency to increase spending as our income rises.'

debt
sum of money that is owed

interest (on a loan)
the amount of money a person has to pay the lender in addition to the original amount borrowed

interest rate
the amount a borrower must pay to a lender for the use of assets such as money – usually expressed as a percentage of the total amount borrowed



Source 2 Many people save in case of an emergency. Having money ready for unexpected car repairs, medical expenses or losing a job can ease the burden.

Setting savings goals

Saving regularly can be easier if you set a savings goal. This is how to go about it:

1. Identify what you would really like to have in the future and how much it will cost.
2. Identify the amount of money you can put aside per week or month.
3. Identify how long it will take you to reach your goal.

For example, if your goal is to go on a holiday costing $2000 and you can save $100 per month, it will take you one year and eight months to reach your saving goal.

Earning and paying interest

Interest is an amount that is paid in exchange for the use of someone else's money. An individual can earn and pay interest in the following ways:

- interest earned or received – for example, for many people it is the return on savings that banks or financial institutions may pay in exchange for people keeping money in the bank
- interest owed – when people borrow money from the bank or financial institution, they are charged interest on that amount; this is known as the cost of credit (or borrowing).

In the circular flow of income model (see Source 14 on page 22), we know that institutions in the financial sector – such as banks, building societies and credit unions – are known as financial intermediaries because they provide an opportunity for households to receive a return on their savings (interest earned) and an opportunity for firms to access funds to finance their expansion. In the real world, both households and firms can borrow money and the financial institutions will charge them interest.

When we put aside money for future use, we must decide where we can put it so that it earns additional money. This is called investing. Putting money in the bank, for example, will most likely mean the bank will pay you interest. The amount of interest you earn depends on the amount you put in the bank, how long the **deposit** is left in the bank, the current interest rate and what type of interest is being paid. Interest is often calculated **per annum**, or year.

deposit
sum of money paid into an account, which contributes to the full purchase price

per annum
per year

How interest is calculated

simple interest
multiplying the interest rate by the principal (money originally deposited or loaned) and then multiplying by the number of periods in the loan

principal
money that was originally invested or loaned

compound interest
interest earned from a deposit or loan that is added to the original deposit or loan to earn further interest

This is how to calculate **simple interest**:

- Take the amount deposited (called the **principal**), multiply by the interest rate then multiply by the length of time.
- For example, if you deposit $1000 in an account at a 10 per cent per annum rate for 2 years, it would be worth $1200 at the end of the 2 years.

Compound interest is interest added to the principal. This amount is then used to calculate further interest. For example, if compound interest is calculated on a deposit of $1000 for 2 years at 10 per cent, $100 interest would be earned in the first year. In the second year, the interest rate would be calculated on the whole $1100, giving a total of $1210. Source 4 shows the compounding interest over a 5-year period. Which would you prefer – simple or compound interest?

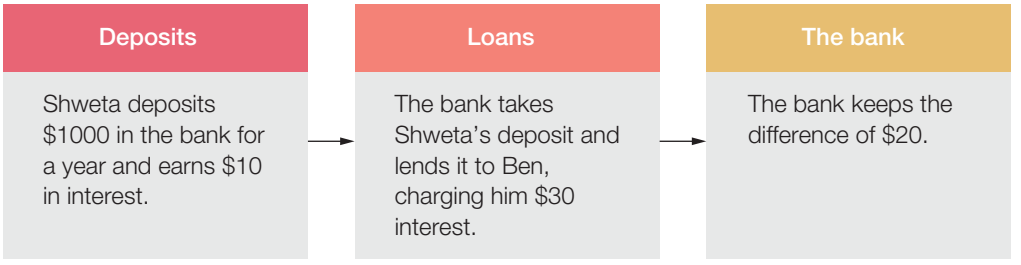
Debt: the good, the bad and the wise

borrow
to take money from a bank or financial institution with the intention of paying it back over a period with interest

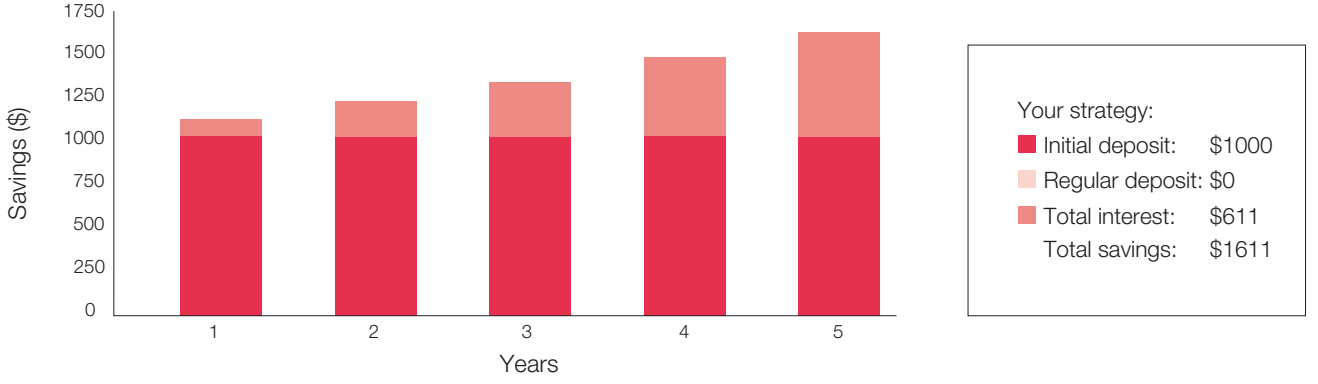
Sometimes it is not possible or convenient to wait until savings grow. Debt occurs when money is owed to another party (the lender) and must be paid back (by the borrower) within a certain time frame. Generally, debt can be considered to be 'good debt' if the money **borrowed** is used to purchase something that will provide income or increase in value. For example, a loan to pay for university tuition fees might generally be considered 'good debt' as it increases a person's ability to secure a job and earn a higher income. A loan taken to purchase a house could also be 'good debt' if the value of the property increases over time.

Debt is usually considered to be 'bad' if it is used to purchase something that will decrease in value over time and/or will not earn an income. A loan for a new home theatre system may be considered to be 'bad debt' as this technology is likely to lose value (depreciate) over time.

Before taking out any loan, careful consideration must be given to whether the borrower has the ability to comfortably make future repayments.



Source 3 Banks, credit unions and building societies make money from taking deposits and then lending these amounts and charging interest.

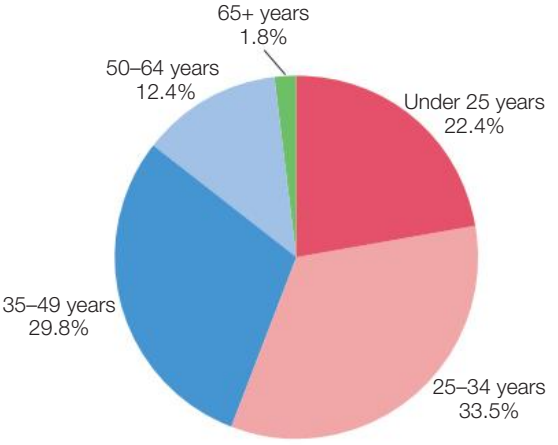


Source 4 This diagram was created using the compound interest calculator on the Moneysmart website. A 5-year investment of $1000 earning compound annual interest at 10 per cent will earn an extra $611.

Wise use of credit

Credit is the method of paying for goods at a later time, usually paying interest as well as the original amount borrowed. Many sources of credit will not charge interest if the amount is paid in full by a certain time. Credit providers such as banks, retail shops and credit card companies offer credit as it is a profitable product for them – many people do not pay in full in the allocated time, so end up paying interest.

'Buy now pay later' (BNPL) businesses have also entered the market, where consumers can easily access credit to buy a product and pay it off in instalments. BNPL providers include Afterpay, Oxipay, zipMoney, Openpay, Brighte and Certegy and they are not covered by the *National Consumer Credit Protection Act 2009* and, therefore, are not regulated. Generally, BNPL providers do not charge interest, but charge fees. These can include fees to set up an account, fees for late payments, and payment processing fees.



Source: Roy Morgan

Source 5 'Buy now pay later' (BNPL) users by age in the 12 months to March 2020

3.1 CHECK YOUR LEARNING

Review and understand

1 **Identify** two ways of increasing money you have available for saving.
2 **Explain** what determines the amount of interest earned from a bank deposit.
3 **Explain** the importance of saving money and outline at least four reasons people might want to save.
4 **Summarise** the difference between good debt and bad debt.

Apply and analyse

5 You deposit $5000 in the bank at an interest rate of 10 per cent per annum for 2 years. **Calculate**:
   a the simple interest
   b the compound interest.
6 **Compare** the pros and cons of making a purchase using a traditional credit card versus BNPL.

Evaluate and create

7 **Discuss** why you think younger people use BNPL more than older people (see Source 5).
8 **Create** a flow diagram illustrating how a savings goal is set.
9 a **Research** some ways you and your family could save money using the table below as a guide. Some ideas have been added to help you get started.
   b Go to the Moneysmart website (a link is provided on your obook pro) and read about the simple ways to save money. **Determine** which of these suggestions may be helpful for you and your family, and add them to your table.

Transport	Food	Clothes	Entertainment	Credit cards	Phone
Walk to school.	Shop at discount supermarket.	Visit the opportunity shop.	Go to the beach.	Pay the credit card off each month.	Check your mobile phone plan to see whether you are getting the best deal.

Key skill worksheet
Asking questions & conducting research: Buy now pay later

Weblink
Moneysmart

3A RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Do I spend too much?

Reducing your spending is one simple way to increase your savings. Australians are a nation of spenders. The average debt per credit card holder in Australia is around $2700.

Many people end up paying large amounts of interest on borrowed money. Borrowing money is convenient, but it must be managed so that regular repayments can be made even when interest rates rise.

We all need to spend to ensure we have basic items such as food, clothing and shelter, but most of us are guilty of spending more than we really need to at times. When you are next shopping, ask yourself whether you really need – or just want – the items you are thinking of buying. Consider the reasons people spend money:

- Marketing and advertising – Clever marketing convinces us we need a range of different items.
- Keeping up with the Joneses – It's human nature to want to have what others have.
- Social power and prestige – Cars, clothes, holidays and houses can all contribute to our social and economic status in society.
- Credit availability – Some people buy more because they have access to credit and don't think about the fact they will have to pay later (often with interest).
- Impulse buying – Some people see something they love and make a quick purchase without really thinking about whether they can afford it.
- The pursuit of happiness – Some people think that the more they buy, the happier they will be.

KEY SKILL
Communicating & reflecting

Conducting a survey and presenting the results

We use surveys to explore people's opinions, ideas and activities. By analysing the results, we can gain valuable insights into personal and social behaviour. The key to finding useful information from a survey is asking the right questions.

Try to ask closed questions (yes/no questions or questions that provide a limited selection of options to choose from) as much as possible. Closed questions in surveys are commonly multiple-choice and ask people to choose their reply from a set of answers that you provide. Open questions (questions that don't give options to select from but encourage an individual's own thoughts to be expressed) are sometimes important, but because you may receive a huge range of replies you may not be able to use the data so easily.

Follow these steps to design a survey and present the results.

Step 1 Decide on the focus of your study.

Step 2 When you have decided what your study will be about, work out what information you are interested in finding out. For example, your study might be about online shopping, and you may want information about how often people shop online.



Step 3 Decide who you will survey. You will need to talk to at least 10 people to get data you can report on. The more people you survey, the more useful and reliable your results will be.

Step 4 Write a series of closed questions about your study. A closed question might look like this:

How often do you use the internet at home for shopping?

At least once a day _____

At least once a week _____

At least once a month _____

No internet at home _____

Step 5 Once you have your questions written, go over them to ensure that they are all focused on the subject of your study and will contribute to the information you want.

Step 6 Conduct your survey.

Step 7 Once you have completed your surveys, it is time to put the results together into a form you can use – this is called data analysis. This is often best done in a table such as the one shown in Source 6.

Step 8 Present your survey results in a way that makes them easy to understand. Rather than a lot of numbers and writing, use graphs or tables.

Source 6 Data can be presented in a visual format such as a table so the researcher can access information quickly and easily.

How often do you use the internet at home for shopping?	Number	Percentage (%)
At least once a day	14	58.3
At least once a week	7	29.1
At least once a month	1	4.2
No internet at home	2	8.4
Total	24	100

For more information on this key skill, refer to page 11 of 'The economics and business toolkit'.

Practise the skill

1 **Create** a survey about the ways in which people in your class and members of your family shop online. Include a minimum of 10 questions. Survey a minimum of five classmates and five family members (or other people you know outside of class). You might want to include questions such as:

Do you shop online?

Yes _____

No _____

If yes, how many hours a week do you spend browsing online shops?

0–2 hours _____

2–6 hours _____

6–10 hours _____

More than 10 hours _____

2 Once you have completed the survey, **analyse** the results and present them in table and graph formats.

Extend your understanding

1 **Compare** your findings with those of a classmate. Write a report based on both sets of results, explaining how often and in what ways people used the internet for shopping. Create a table or graph that combines both sets of results.

2 Present the results of your study to the class. Using the table or graph you created as a visual aid, **discuss** the most popular websites that people used, as well as the differences or similarities between the ways your family members and classmates used the internet.



Source 7 Reserve Bank figures showed that Australians slashed the national credit card bill to $19.71 billion in October 2020 – the first time that debt gaining interest has dropped below $20 billion in almost 16 years.

3.2 Investing money

In this topic, you will:

» investigate different types of investments that enable people to accumulate wealth.

Investing is the process of putting money into a business or commercial venture (such as property or **shares**) with the expectation of making a profit. Put simply, investing is a way of making your money work for you. Investing can be a good way to help you increase your personal financial rewards.

Setting personal investment goals

Thinking ahead is essential when setting personal goals such as buying a car or house, or saving for retirement. You need to think about the things you would like to purchase in the future and when you would like to make these purchases.

Assessing risk

Investing money means taking a risk. Taking an **investment risk** means there is a possibility of losing money. Some investments are riskier than others. Putting your money in an Australian deposit-taking institution such as a bank is generally considered low risk. Investing in the **share market** or in property is considered to carry a higher risk. Higher investment risks often come with the potential to earn higher rewards along with the risk of higher losses.

The share market, or stock market, is part of the financial sector in the circular flow of income model. The **Australian Securities Exchange (ASX)** provides people with an opportunity to invest directly in more than 2000 publicly listed companies. Australian savers can also invest in foreign companies through their stock markets, such as the New York Stock Exchange, the London Stock Exchange and the Japan Exchange Group.

Each individual has to decide the level of financial risk they are willing to take (see Source 2).

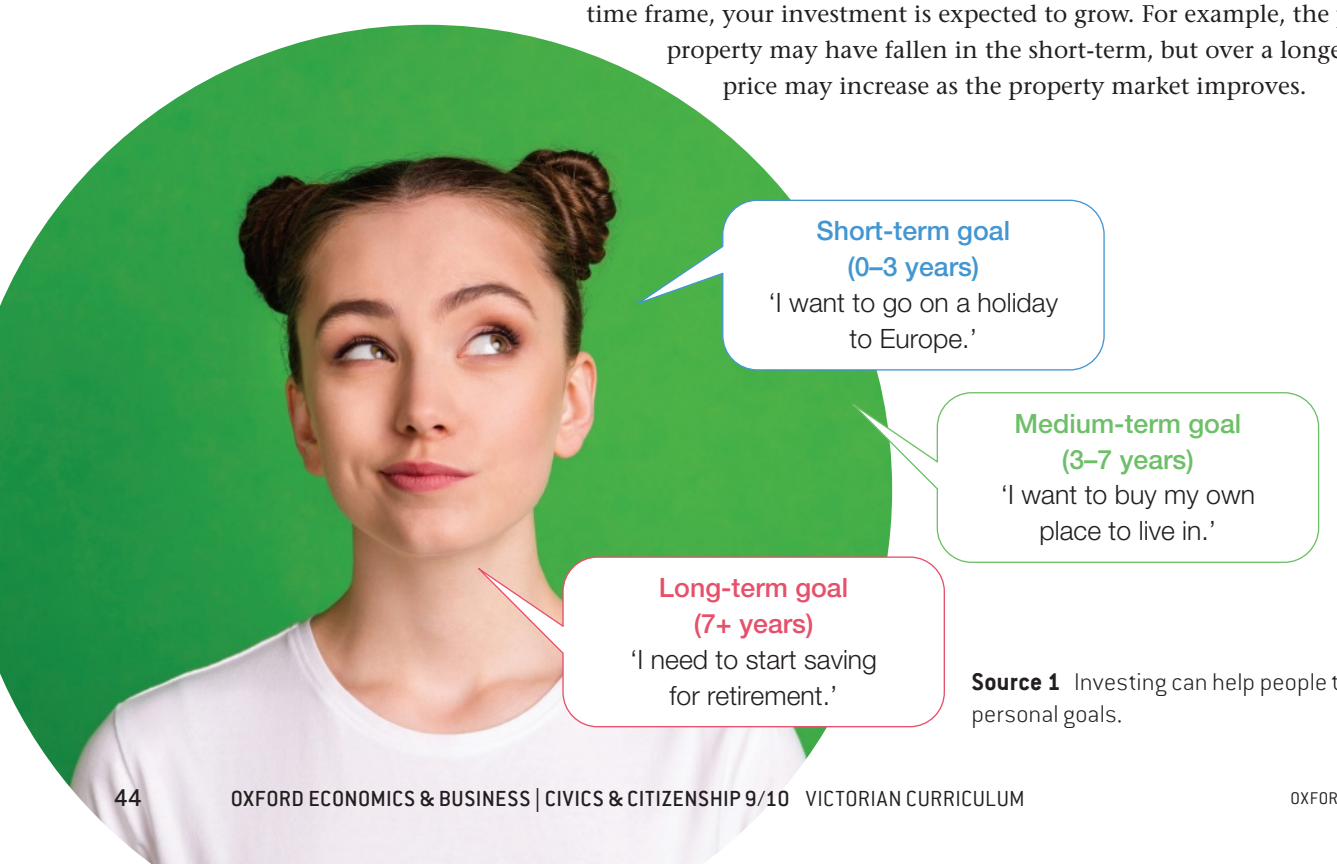
One of the factors when considering risk is the time frame of your personal investment goal. If you have 25 years to wait for your investment return, you may decide to take a higher risk, understanding that there may be some short-term losses. However, over a more substantial time frame, your investment is expected to grow. For example, the price of a property may have fallen in the short-term, but over a longer period the price may increase as the property market improves.

shares
units of ownership in a publicly listed company

investment risk
the likelihood of losing money in a financial scheme

share market
a market in which shares in publicly listed companies are bought and sold

Australian Securities Exchange (ASX)
operates Australia's primary securities exchange; shares are one form of security that can be traded via the ASX



Source 1 Investing can help people to achieve personal goals.



Source 2 Some of us are bigger risk takers than others. If a high-risk investment is causing a person to worry and lose sleep, a lower-risk investment is advisable.

Investment options

Source 3 outlines the many investment options available. Investors should consider how volatile, or subject to change, the investment is likely to be. They should also consider the likely money that can be made from the investment – sometimes called 'return on investment'. Investors should also consider how readily they need access to their money. For example, money in the bank can be converted to cash more quickly than money invested in a property, which may take months to sell.

Many people would prefer that decisions about investments are made by a professional. Some may choose to invest in a managed fund, where money from investors is pooled and an investment manager decides where to invest it. This provides the investor with the opportunity to invest in a wider variety of options, such as **equities**, property and **fixed interest** investments. Managed funds help spread financial risk – the loss suffered from one poor investment may be countered by other investments in the fund that have performed well.

There is much to gain and much to lose when investing money. Many people enlist the services of a **financial planner** to help them establish and achieve their investment goals.

equity
share in a company; the shareholder holds equity or a stake in the company

fixed interest
an interest rate on a loan or mortgage that remains the same for the term of the loan or part of its term

financial planner
a professional who assists customers to plan their finances

Source 3 There are many different investment options to choose from.

Interest-earning investments	Property
There are many types of interest-earning investments. Term deposits are a common form of interest-earning investment where money is invested for a fixed term at a fixed rate of interest. Bonds are another interest-earning investment, where money is lent to the government or a company at an agreed interest rate for a certain amount of time.	Property is an investment where a house, unit, factory, building or land is purchased with the aim of that property increasing in value. The property may be rented out, raising additional money.
Equities	**Superannuation**
Equities are shares, sometimes called stocks. A share is a unit of ownership in a company. Share investors become part-owners of the company and hope the value of their shares will rise. If the company makes a profit, it may also make a payment, called a dividend, to the shareholders. BHP Billiton is an example of a company that the general public can buy shares in.	**Superannuation** is a method of saving for retirement. Employers contribute to their employees' superannuation funds, and personal contributions can also be made. For most people, superannuation is taxed at a lower rate than other investments.

superannuation
money paid regularly into a fund that cannot be accessed until retirement

CASE STUDY

philanthropist
someone who donates their time and/or money to charitable causes

Are you interested in making money from investing?

Warren Buffett is a US investor and businessperson who is consistently ranked among the world's wealthiest people. Buffett is also a **philanthropist** who has pledged to give 99 per cent of his wealth to charity before he dies. Over the past 14 years, Buffett has donated more than $37 billion.

At a young age, Buffett loved the world of business. In high school, he made money from activities such as selling newspapers, golf balls and stamps. Buffett started investing when he was 11 years old, buying three shares at $38, only to see them fall to $25 a short time later. However, he waited till the same shares reached $40 and then sold them. Buffett learnt that sometimes it is better to have patience and wait – he later saw these stocks climb to $200 a share.

Here are some of Buffett's words of wisdom on investing in the share market.

Earnings

'If the business does well, the stock eventually follows.'

Having the right tools

'You should have a knowledge of how business operates and the language of business (accounting), some enthusiasm for the subject, and qualities of temperament which may be more important than IQ points. These will enable you to think independently and to avoid various forms of mass hysteria that infect the investment markets from time to time.'

Only buy securities that you understand

'Investment must be rational; if you can't understand it, don't do it.'

Believe in yourself

'By far the best investment you can make is in yourself.'



Source 4 Warren Buffett, May 2020

3.2 CHECK YOUR LEARNING

Review and understand

1 **Define** the term 'investment risk' in your own words.

2 **Identify** the two monetary benefits that can be gained from:
   - a buying a property
   - b buying shares.

3 **Summarise** the purpose of superannuation as an investment.

Apply and analyse

4 **Determine** whether the following investors are risk-tolerant or not.
   - a Julian has $100 000 to invest but the thought of losing any of it means he can't even sleep at night.
   - b Evie wants to make a reasonable amount of money from her investments and is not overly concerned if her investments lose value in the short-term.
   - c Chris has $20 000 put aside to go overseas. He decides to invest the money for a year, but cannot bear to think his investment could lose money, which might mean he would have to cancel his trip.

5 **Explain** why it is important to have a good understanding of a company you decide to buy shares in.

6 **Suggest** some personal characteristics that you need to be an effective share-market investor.

Evaluate and create

7 **Create** a list of goals you may have, then group them into the age brackets listed in the table below. Identify the time in your life you will most likely need to start saving and investing to reach these goals. For example, if you are a teenager and want a car, it is best to start saving straight away. If your goal is to buy a house, you might delay saving for this until you are in your early 20s.

8 **Research** the latest interest rates for term deposits on one of the bank websites. Take one of your short-term goals and use the savings goals calculator on the Moneysmart website to calculate how long it will take to reach your goal if you invest in an interest-earning investment.

9 Peter Lynch was one of the most successful and legendary investors of all time. He accumulated enough wealth through investment to be able to retire in 1990 at the age of 46, but he continued to invest and write, and he cofounded the Lynch Foundation.

George Soros launched his own hedge fund in 1973 and became one of the most successful investors in the history of the United States. He is also known for his philanthropic work.

Read each of the following quotes and **discuss** the point the author is making.
   - a 'In the long run, it's not just how much money you make that will determine your future prosperity. It's how much of that money you put to work by saving it and investing it.' Peter Lynch
   - b 'If investing is entertaining, if you're having fun, you're probably not making any money. Good investing is boring.' George Soros
   - c 'Behind every stock is a company. Find out what it's doing.' Peter Lynch
   - d 'If you don't study any companies, you have the same success buying stocks as you do in a poker game if you bet without looking at your cards.' Peter Lynch

10 Warren Buffett once said, 'By far the best investment you can make is in yourself'. **To what extent** do you agree with this: a lot (strongly), a little bit (somewhat) or not at all? Write a short paragraph explaining your position.

Age	Goal	Short-term/medium-term/long-term goal	Approximate cost	Time to start saving
16–20 years				
21–30 years				
31–40 years				
41–60 years				



I used to think, now I think

Reflect on your learning about investing money and complete the following sentences.
- I used to think ...
- Now I think ...

What has changed in your understanding?

Quiz me!
A quick quiz on investing

3B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Playing the share market

The share market is like any other market in which goods are bought and sold at a certain price. In a share market, shares are bought and sold – this is called trading. A share is a unit of ownership in a publicly listed company. Myer, David Jones, Harvey Norman and Telstra are public companies you might know.

The Australian Securities Exchange (ASX) operates the share market. It approves companies that wish to be on its trading list and ensures they abide by trading rules. You can become a shareholder in a company through purchasing shares from a stockbroker, for a fee.

Share investors hope that their shares increase in value. The company may also pay a dividend if the company makes a profit. There is risk associated with investing in the share market. Shares purchased may decrease in value and make a loss.

Playing a hypothetical share investment game can provide valuable knowledge before you take risks with real money. Daniel Goh won the ASX Schools Sharemarket Game in 2019. His trades earned him a virtual $16 577, for which he received (non-virtual) $1000. Goh comments: 'I diversified my investment in stocks and bought from a range of industries when prices were low and only sold when I believed the stock had hit its peak in price. I also watched the market daily.'

KEY SKILL
Reasoning & decision making

Using a game to understand the share market

Playing games in economics is fun, and can also be a great way to learn about how the share market works.

In this activity, you will be playing a hypothetical share-market game. It is important to understand that there is a lot to learn about the share market. Don't be disheartened if, like Warren Buffett's early experience (see the case study 'Are you interested in making money from investing?'), your shares lose value soon after you buy them.

In this game, you will select a portfolio (a collection of assets) of shares in up to five companies and calculate their value over the next 5 weeks. You will have $50 000 to 'spend'. Remember that this is a learning exercise so you will be guessing which stocks to choose at this stage.

Step 1 Go to the company directory on the ASX website using the link in your obook pro. You can view or download the complete list of stocks on the ASX.

Step 2 Scroll though the list and investigate a company you recognise or have heard about. You can click on the company name to take you to more specific information about that company.

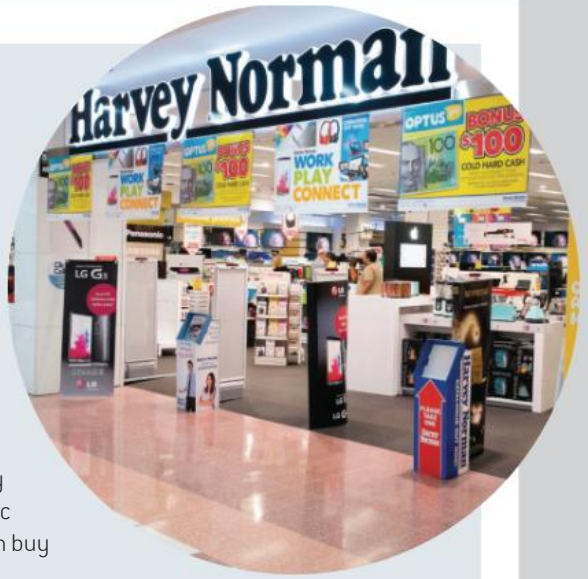
Step 3 Look at the line graph at the top of the company page. Click on the '3 Month' tab along the top of the graph, then select '5 Day' from the drop-down menu. The last price is the price the share sold for at the end of the day. Go back to the

drop-down menu and select any of the time periods to see the share-price history. Remember that even if the chart shows the share price is performing well, it may decrease tomorrow.

Step 4 'Buy' shares to the value of $50 000 by completing a table like the one below, and hold them until the end of the game. Choose up to five companies to invest in. You may spread your $50 000 between these five companies, or choose to invest in just one.

Step 5 Each week, fill in the table, again using the last price the shares sold for. Record the total value of the portfolio in the table.

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.



Source 5 Harvey Norman is a public company you can buy shares in.

Company	Code (unique abbreviation that identifies the company)	Last share price	Number of shares purchased	Value of shares in each company (share price x number of shares)
		$		$
		$		$
		$		$
		$		$
		$		$
			Total value of portfolio (add all values in the last column)	$
Total value of portfolio at *week 1* Date _____	**Total value of portfolio at *week 2*** Date _____	**Total value of portfolio at *week 3*** Date _____	**Total value of portfolio at *week 4*** Date _____	**Total value of portfolio at *week 5*** Date _____

Practise the skill

1. After holding your share portfolio for 5 weeks, did you make or lose money?
2. **Outline** what you learnt about the risk involved in buying shares.
3. **Propose** what you could do to make a more educated guess about which companies to invest in.
4. **Identify** what the fee you would have been charged if you had actually bought these shares is called.

Extend your understanding

1. Ask your teacher to set up an account on the ASX website, playing the share-market game online (follow the link in your obook pro) where you can actually trade virtual shares for 10 weeks. Research the best stocks to buy and sell from over 200 companies. You can play in teams or individually, and see how you would do in real market conditions – all without actually risking real money.

Weblink
ASX Company directory

Weblink
ASX Sharemarket game

3.3 Avoiding scams

In this topic, you will:

- examine financial risks such as scams
- learn about ways consumers can protect themselves from risks.

scam
a scheme that is deliberately dishonest

Australian Competition and Consumer Commission (ACCC)
a body that promotes competition and fair trade in markets to benefit consumers, businesses and the community

Quiz me!
A quick quiz on avoiding scams

Scams are traps to dishonestly take a person's money. They come in many forms and it is important to understand how to protect yourself against them. The Scamwatch website, which is run by the **Australian Competition and Consumer Commission (ACCC)**, provides useful information about current scams.

Scams that target your emotions

Some scams take advantage of people's feelings. Here are some of the more common personal scams:

- Charity scams – the scammer poses as a genuine charity and asks for money.
- Psychic and clairvoyant scams – the victim is told that they will be in some sort of trouble in future. To avoid it, they have to pay money for something like a lucky charm.
- Romance scams – the scammer uses emotional triggers to get a person to provide money, gifts or personal details. In 2020, Australians reported to Scamwatch a record-breaking $37 million lost for dating and romance scams.

Investment and online account scams

Paying for goods and banking online can be convenient, but consumers need to be aware of scams such as:

- phishing emails that pretend to be sent on behalf of your bank asking for account details
- phone calls from a scammer informing you there is a problem with your account, asking you to provide your account details or passwords.

In June 2020, the Australian Securities and Investments Commission (ASIC) reported a rise in investment scams during the COVID-19 pandemic – an increase of 20 per cent from March to May 2020 compared to the same period the year before. ASIC Executive Director for Assessment and Intelligence Warren Day said, 'We are seeing a spike in reports of scams related to fake crypto currencies, term deposits, investments and scams that start via romance sites'.



Source 1 Scammers often use text messages to try to trick people.

COVID-19 scams

During the COVID-19 pandemic many people had to isolate at home, and use of online services increased. Scammers knew this and found creative ways to scam people. The most common forms of COVID-19 scams included phishing for personal information, online shopping, and superannuation scams. More than 6120 scam reports mentioning COVID-19 were received by Scamwatch, with more than $8 400 000 in reported losses.

Scammers also tried to take advantage of people who wanted to be vaccinated against the COVID-19 virus. Examples include requesting payment for vaccines or for early access to vaccines, offers to mail vaccines, offers to pay money as an investment opportunity in the Pfizer vaccine, and fake surveys related to vaccines that offered prizes or early access to vaccines.

Impersonation scams

Scammers pretend to have a connection with their target, using text messages and emails to masquerade as trusted organisations, such as government agencies. The links and attachments in these messages are designed to steal your personal and financial information.

Other scammers pretend to be banks, retail businesses, travel agents, insurance providers or delivery services, using various methods to gain your information, gain remote access to your computer, seek payment for a fake service or good you did not purchase, or trick you into opening a harmful link or attachment.

How to avoid scams

Every one of us might be fooled at some stage in our lives, but there are ways to reduce the risk of being involved in a scam. It is important to remain alert, be cautious, and if in doubt, contact the bank or organisation directly and ask for confirmation regarding any suspicious activity.

If you are party to a scam, you should report it to the appropriate authority. For example, if the scam involves someone gaining access to your online bank account, you should contact your bank immediately. You can also report a scam to Scamwatch.

To protect yourself against online scams in particular:

- Don't click on any hyperlinks in text/social media messages or emails.
- Never respond to a text, email or phone request for your personal or financial details – just press delete or hang up and block the phone number.
- Never give remote access to your computer to a stranger.
- Use an independent source (such as a past bill, an online search) to verify the legitimacy of the contact.

Fake bank phishing text

Text Message
Today 5:45 am

IMPORTANT MESSAGE FROM WESTPAC

For the safety of our customers due to the recent COVID-19 virus, all customers are required to review and update their personal details. You will be unable to use Westpac services until you have done so. Please go to https://westpac-movile.cc/?update or call us on 132 032.

Source 2 Example of a phishing scam impersonating a bank (Westpac)

See, think, wonder

Look at the phishing scam in Source 2.

- What do you see?
- What do you think?
- What do you wonder?

3.3 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** 'scam'.

2 **Explain** why it is important to know about the types of scams that exist.

3 **Describe** a scam you know about, or one you have researched online.

Apply and analyse

4 How wise are you when it comes to scams?

- **a** Take the online scams quiz at the Consumer Affairs Victoria website. A link is available on your obook pro.
- **b** **Compare** your results with a classmate, noting any similarities or difference in your results.
- **c** **Propose** one thing you could do to improve your safety against being scammed.

Evaluate and create

5 Visit the consumer scams page of the Consumer Affairs Victoria website. A link is available on your obook pro. Watch one of the available videos.

- **a** **Summarise** the key points of the video.
- **b** **Evaluate** the usefulness of the video in educating people about:
  - the type of scam
  - avoiding the scam.
- **c** **Suggest** some ways to improve the content of the video.

Weblink
Consumer Affairs Victoria scams quiz

Video
Consumer Affairs Victoria consumer scams

3.4 Using your bank account wisely

In this topic, you will:

» explore ways that consumers can keep their bank accounts secure and minimise fees.

In order to protect yourself against unnecessary risk when it comes to banking, there are a number of strategies you should be aware of. Two of the most important include keeping your personal information secure and protecting yourself against unnecessary bank fees.

Keeping your personal information safe

Your **personal identification number (PIN)** allows you to withdraw money from and deposit it into your bank account. If somebody else has your PIN, they could steal money from your account. Your PIN and other passwords (such as your internet banking password) should be kept safe at all times. The following tips will help make sure your PIN cannot be used by anybody else.

- Don't share your PIN with anybody else.
- Don't write your PIN on your card.
- Don't keep your PIN with your card.
- Don't use your birthdate or part of your name as your PIN.
- A bank should not need to ask you for your PIN.
- When using internet banking, remember to log out.

personal identification number (PIN)
a numerical password used to make sure a user is the owner of their financial account

transaction account
a deposit account held at a bank or other financial institution from which money can be withdrawn on demand

savings account
a bank account specifically for the purposes of depositing money and earning interest

Minimising banking fees

Most of us have an everyday **transaction account**, which is really an account used to pay bills and withdraw money for spending. Many people have a separate **savings account** linked to their transaction account so that they receive a higher interest rate on their savings.

A bank is a business and, therefore, charges fees for its banking services. Check what the fees are before setting up an account with a bank or other type of financial institution. If you already have an account but think you are being charged too much, consider switching to another account or bank. Banking fees to check include:

- EFTPOS fees – when purchasing goods using EFTPOS (electronic funds transfer at point of sale), money is transferred electronically from your account to pay for the goods. A fee may be charged for this.



Source 3 Almost six million EFTPOS transactions are made each day in Australia. Many customers find this a convenient and safe way to shop. Getting 'cash out' while making an EFTPOS transaction is one way of avoiding a separate ATM fee.

- ATM fees – banks may charge a fee for the service of withdrawing money from an ATM.
- phone and internet banking fees – banks might charge fees for transferring money or checking balances via phone or internet banking.
- exception fees – exception fees are charged if there are insufficient funds in an account to cover a transaction; for example, if you have a monthly direct debit set up from your account but there are insufficient funds to pay the bill, an exception fee may be charged.

What would you do if money was stolen from your bank account?

Tech-savvy criminals steal millions of dollars each year through '**skimming**'. Skimming involves copying card details while video recording people as they enter their PIN into an ATM. These video-recording devices have become more sophisticated and can record a person entering their PIN from a variety of angles. Once retrieved, this information is used to create a copy of the card to withdraw or spend the victim's money.

Many people are in the habit of covering their hand when entering their PIN but it is also advisable to use a bag or wallet to ensure the keyboard is completely blocked out.

To combat skimming, many new ATMs have what is called 'jitter' technology so that the ATM card vibrates as it enters the machine, making it impossible to capture card details.

It is important to always check your bank statements for unauthorised transactions and to report them to your bank.If you are a victim of skimming, the banks will cover the loss, provided you have not contributed to the loss by disclosing your PIN, for example, or accidentally leaving your card in an ATM.

CASE STUDY

skimming
capturing a victim's personal information, such as credit card details, using an electronic method



Weblink
Moneysmart

3.4 CHECK YOUR LEARNING

Review and understand

1 **Identify** ways consumers can keep their bank accounts safe from theft.

2 a **Define** the term 'skimming'.
  b **Outline** when an account holder is not responsible for money lost as a result of skimming.
  c **Describe** the latest technology being used to combat skimming.

3 **Identify** what PIN stands for.

4 In your own words, **define** what exception fees are.

5 **Identify** what EFTPOS stands for. How many EFTPOS transactions are made in Australia every day?

Apply and analyse

6 **Explain** why banks charge fees on accounts and credit cards.

7 In the following scenario, **identify** at least five problems with the way Debra uses her ATM card and propose some solutions.

Debra receives her new ATM card and leaves her old ATM card in her wallet as well. She quickly writes her PIN on the new card so she doesn't forget it when withdrawing money. She never covers the keypad when entering her PIN at the ATM. She withdraws money and puts her card back in her wallet with the cash, but throws the transaction record in the bin at the ATM. She receives a phone call from the bank telling her there is something wrong with her card and provides her PIN to the caller in order to help solve the problem.

Evaluate and create

8 Using the link in your obook pro to access the Moneysmart website, **research** the answers to the following questions about credit cards.
  a What fees are associated with most credit cards?
  b Why is it crucial to keep up-to-date with credit card repayments?
  c What factors might influence your choice of credit card?

3.5 Knowing your consumer rights

In this topic, you will:

- understand consumers' rights when purchasing goods and services
- learn about ways consumers can minimise risks when shopping online.

goods and services
goods are physical things (e.g. food and clothing), while services are things people do for us (e.g. cutting our hair)

product
an item (a good or service) that is offered for sale

Key skill worksheet
Asking questions & conducting research: Scam investigation

It's important that you know your rights when you go shopping so that you receive the **goods and services** you have paid for (see Source 5).

A consumer who purchases a good with a major problem is entitled to have the good repaired, replaced or refunded. A problem is considered to be 'major' in the following circumstances:

- The problem, if known, would have prevented the consumer from buying the item.
- The good is unsafe or was significantly different from its sample or description.
- The **product** did not do what the business claimed it could or what the consumer asked for, and can't easily be fixed.

A consumer who purchases a service with a major problem (for example, a car service) is also entitled to a repair, replacement or refund in the following circumstances:

- The problem, if known, would have prevented the consumer from buying the service; for example, the car mechanic was not qualified and this wasn't disclosed.
- The service performed is substantially unfit for its common purpose and cannot be fixed within a reasonable time; for example, the car was previously drivable but now the engine won't even turn on.
- The service does not meet the specific purpose you asked for and cannot easily be fixed within a reasonable time; for example, the car was spray-painted instead of serviced.
- The service creates an unsafe situation.

Displaying a sign that says that refunds are not given in any circumstances is against the law. It is also against the law for a business to tell the consumer it is their policy not to give refunds. Another common misconception is that when returning an item that has a major problem, it must be returned in its original packaging.

Consumers who have a complaint should first contact the business that provided the good or service. If the problem is still not resolved, consumers can contact their state or territory consumer protection agency.



Source 4 Tips for consumers who shop online

Your rights when buying online

If purchasing goods online from an Australian business, Australian consumer law still applies. The same protections may not apply, though, when purchasing goods online from a business overseas.

Buying online can be tricky as you can only view a photograph of the item and may not adequately be able to assess its quality. If you are buying clothes or shoes, there is no opportunity to try the clothes on, so you must make sure that you are able to return the items if they do not fit. There is also the added danger that you will purchase the item but never receive it, or that you will be sent a faulty or worthless item. Some scammers also set up websites offering cheap items for the sole purpose of stealing your credit card details. Source 4 provides some tips on how you can minimise the risk involved when you shop online.

The consumer receives quality goods and services.

- The product is safe to use, durable, free from defects, acceptable in appearance and finish and matches the description.
- The product is fit for the purpose for which it was made.
- Services are delivered with care and skill.
- Guarantees made must be honoured.



The consumer is treated honestly and fairly.

- False, misleading or deceptive claims cannot be made about a product or service.
- Products advertised must be supplied.
- The consumer must not be harassed or coerced (threatened in any way).

The consumer is given accurate information.

- The consumer is entitled to a receipt upon request.
- If more than one price is displayed the consumer is entitled to the lowest priced item.
- The consumer is entitled to see the total price of the item.

Source 5 Australian consumer law protects all consumers.

3.5 CHECK YOUR LEARNING

Review and understand

1 **Identify** the correct answer from the following scenarios:
   - **a** If two prices for a product are displayed, at which price is the consumer entitled to buy the product – the lower or higher price?
   - **b** If there is a sign warning the consumer to choose wisely because no refunds are given, is the consumer entitled to a refund – yes or no?
   - **c** All consumers in Australia are subject to the same consumer laws – true or false?

2 **Outline** consumers' rights when purchasing goods and services.

Apply and analyse

3 **Determine** whether the consumer would be entitled to a repair, replacement or refund in the following circumstances, and explain why:
   - **a** Jason buys an electric mixer and sparks fly from the mixer as soon as he uses it.
   - **b** Philippa has long hair she wears in a ponytail. She asks her hairdresser to trim her hair. The hairdresser cuts the ponytail off, leaving Philippa with short hair.
   - **c** Raphael purchases a clock but it does not keep correct time.
   - **d** Saskia purchases a lamp that breaks down after a week.
   - **e** May asks for the gold buckle on her black shoes to be replaced but it is replaced with an orange buckle.
   - **f** Ed unwraps his new tracksuit only to find there is a small hole in the fabric.

Evaluate and create

4 In pairs, **discuss** whether you or someone you know has ever purchased a good or service with a major problem. Explain the situation and what was done to resolve the issue.

5 Select a product you would like to buy online and **research** the following:
   - **a** the return policy on the item
   - **b** information about the seller
   - **c** if the private information you provide online is going to be secure.

6 'Buying online from an overseas business is riskier than dealing with an Australian business online.' **To what extent** do you agree with this: a lot (strongly), a little bit (somewhat) or not at all? Write a short paragraph explaining your position.

3C RICH TASK

Source 6 Steps in cost–benefit analysis



Buying a car

Buying a car is a major purchase so it is important to do some research so you make the right decision.

Choosing the right car at the right price

After you have determined whether you are going to buy a new or used car, there's some extensive research to do to ensure you purchase the car that is right for you.

Check the warranty, and don't be afraid to ask for a discount. Car dealers often match the deal another car dealer makes in order to get the sale. If you do make a decision in haste, or are pressured into buying a car, you can change your mind provided the car is purchased from a licensed motor car trader and you notify the dealer in writing. A cooling-off period of three clear business days commences when a contract to purchase the car has been signed.

Additional costs and charges

Be aware of additional costs associated with buying a car. You may not be aware of the following charges.

- Goods and services tax (GST) will be charged at a rate of 10 per cent.
- Stamp duty is another form of tax that must be paid (the cost of this varies from state to state).
- Registration fees must be paid when a vehicle is first registered and then annually from that date.
- New vehicles may incur a dealer delivery fee to cover the trader's costs of preparing and delivering the vehicle.
- A luxury car tax will be imposed on a recent-model luxury vehicle.
- A registration transfer fee will be charged to transfer registration of a used car to a new owner.
- You will need to pay interest if you take out a loan.
- Insuring your vehicle also needs to be accounted for.
- You will also need to factor in running costs such as fuel, service and repairs.



Source 7 Australia is a nation of car users, with approximately 7 out of 10 Australians aged 18 years and over travelling to work or full-time study by car – either as a passenger or driver.

KEY SKILL
Reasoning & decision making

Conducting a cost–benefit analysis

A cost–benefit analysis identifies the strengths and weaknesses of a particular course of action. Analysing costs and benefits can be useful in business to determine whether a project is likely to be profitable. It may also help a business decide which of several projects should be undertaken.

Step 1 Identify the costs and benefits of a particular project or purchase. Costs should take into account initial outlay as well as interest paid over time. The analysis should take into consideration the possibility of a successful project/purchase, but also the costs if the project/purchase is not successful. It should factor in the time frame involved to reap any benefits.

Step 2 Attempt to put a value on each cost and benefit. Factors such as inflation (increase in the general level of prices paid for goods and services over a certain period) and interest rates need to be included. A program such as Excel's cost–benefit analysis template could help you with this.

Step 3 Assess whether the costs outweigh the benefits.

Step 4 Taking this information into account, assess whether the project or purchase is worth the investment.

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.

Practise the skill

1 Conduct a cost–benefit analysis of buying a particular car. You have up to $55 000 to spend over a 5-year period. This includes the initial cost of the car and its running costs. Refer to the RACV's *Car Running Costs* guide on their website (a link is provided on your obook pro). Choose at least three cars you would like to purchase within this price range. The guide itemises the cost of buying and running a selection of cars over a 5-year period (driving 15 000 km per year).

2 **Identify** costs and benefits and put a value on these benefits. Complete the table in Source 8, listing the weekly and annual costs over 5 years according to the RACV guide. Search online to find more information on the benefits of the three cars of your choice.

3 **Evaluate** whether the costs outweigh the benefits. Make a decision about which car would be the best buy for you and explain the reasons for your choice. Take into consideration the costs and personal benefits you think the car would bring you.

Extend your understanding

1 Conduct a cost–benefit analysis of taking out a $15 000 loan to buy a car as opposed to using public transport, such as the train.

Quizlet
Revise the key terms you have learnt so far.

Weblink
RACV: car running costs

Source 8 Cost–benefit analysis table

Car	Costs	Benefits
e.g. Ford Focus Ambiente 5D Hatchback 1.6L 6 SP	Weekly costs ($) Annual cost over 5-year period ($)	e.g. Bluetooth® hands-free phone, air-conditioning, rear parking sensors
Car 1		
Car 2		
Car 3		

3 CHAPTER REVIEW

Review questions

3A How can I save more and spend less?

1 In your own words, **define** 'savings'. (1 mark)

2 **Explain** why it is beneficial to set personal savings goals. (3 marks)

3 'Credit use is necessary and beneficial in our modern society.' Do you agree with this statement? **Justify** (give reasons for) your answer. (6 marks)

(Total: 10 marks)

3B What strategies can be used to increase financial rewards?

1 **List** four different investment options. (1 mark)

2 **Explain** why people might choose to invest in a managed fund. (3 marks)

3 **Distinguish between** property and stock market investments. Remember, when you distinguish between two things you must talk about how they are different. (6 marks)

(Total: 10 marks)

3C How can individuals safeguard against financial risk?

1 **Outline** why it is important that consumers are aware of their rights when purchasing goods and services. (2 marks)

2 **Describe** two types of scams used during the COVID-19 pandemic. (2 marks)

3 **Propose** (put forward) a creative strategy for educating high school students about the pros and cons of 'Buy now pay later' (BNPL) businesses and credit cards. (6 marks)

(Total: 10 marks)

Review activity

Read the information, then answer the following questions.

Why borrowing can cost you more

In Source 9, Gen Fricker discusses the costs and risks of borrowing money. Read it carefully and answer the questions that follow.

Weblink
Moneysmart personal loan calculator

Source 9

Credit can be handy, but when you borrow money, you create debt. If you can't pay it back in time, you'll be charged interest and your debt will slowly grow.

Tunde has been lusting after a designer handbag that is, amazingly, half price. She has no cash right now, so she buys it on her credit card for $1000. Credit card companies let you borrow money, but they charge a high rate of interest.

Let's say Tunde's rate is 16 per cent. If she just pays the minimum repayment of $25 per month, it would take Tunde nearly five years to pay off her handbag and it would end up costing over $400 more. However, if she pays $100 each month, she can pay the full debt in 11 months with only $65 in interest. Better still, if Tunde had waited and saved up the cash, she'd only pay the true price of $1000.

Fees for borrowing money can also sneak up on you. Tunde has to pay a yearly fee just to use the credit card and she'll get charged a penalty if she doesn't make the minimum repayment.

So what about buy now, pay later services that let you buy something right now and pay it off in instalments over several weeks. It seems like they only charge a small fee, but if you miss a payment because there isn't enough money in your account, they charge you a much bigger one. Plus your bank will charge you too for dishonouring the debt.

My five cents is borrowing is easy, but getting out of debt can be really hard. It's hard to remember when something is begging you to buy it, but the true cost of borrowing money might be way more than it's worth.

Gen Fricker, 'Why borrowing can cost you more', ABC Education



Source 10 Expensive luxury items can be tempting, but if you borrow money to purchase, you can end up paying a lot more.

1 **Explain** why buying goods or services on credit can cause problems. (3 marks)

2 **Outline** how credit card companies make money. (2 marks)

3 **Identify** whether borrowing money to buy a luxury bag would be an example of good debt or bad debt. (1 mark)

4 Go to the Moneysmart personal loan calculator (a link is provided on your obook pro) and select 'How can I repay my loan sooner?' With reference to Source 9, **calculate**:
   - **a** how long it would take Tunde to pay back the debt if the interest rate was 3 per cent and she paid $25 per month, with no fees (2 marks)
   - **b** how much interest Tunde would have to pay. (2 marks)

5 **Evaluate** the options presented to Tunde. Summarise the pros and cons of each option. What advice would you give her? (10 marks)

(Total: 20 marks)

Check your Student obook pro for these digital resources and more:

- **Student book questions** Chapter 3
- **Key skill worksheet** Communicating & reflecting: Chapter 3
- **Quizlet** Play a game of Quizlet on Strategies to manage financial rewards and risks.
- **Chapter review quiz** Chapter 3

CHAPTER 4

The changing work environment

Charles Darwin wrote, 'It is not the strongest of the species that survives, nor the most intelligent; it is the one most adaptable to change'. This quote can be related to Australian workplaces adapting to and thriving in the continuously changing business environments in which they operate. Australian work environments are influenced by both domestic and global conditions. For example, the COVID-19 pandemic impacted ways of working, as many people were required to work from home, and businesses had to adapt to the challenges suddenly presented by the global pandemic. This adaptation may see remote work, among other new practices, becoming more popular in the future.



» **Source 1** During the COVID-19 pandemic, many organisations had to rethink their practices, adapt quickly to the changing market and fast-track working-from-home arrangements.





4A

How do changes in the workplace affect people?

4B

What are the roles and responsibilities of people in the workplace?

4.1

The world of work is always changing

In this topic, you will:

- describe trends in Australia's workforce data
- explore the possible impacts of the COVID-19 pandemic on workplace environments.



Source 1 In Australia, the number of workers in the manufacturing sector has declined since the 1960s, but manufacturing is still vital to Australia's economy.

Work has changed dramatically over the past 50 years, both in Australia and around the world. In the 1960s, men traditionally went to work full-time in order to support their wives and young families. Women often married at a relatively young age, and it was common for them to leave the workforce in their early 20s to start a family. In 2020 according to the World Bank, 60.2 per cent of the female population in Australia over the age of 15 were either employed or seeking employment. Many of these women juggle work and family commitments. Some men now also choose to spend more time at home with their young children rather than work full-time.

There has also been great change in the industries that people work in. In Australia in the 1960s, the manufacturing industry employed 26 per cent of all workers. By November 2020 manufacturing employed only 6.6 per cent of workers (seasonally adjusted). Over the 5 years to 2020, employment in the industry decreased by 1.7 per cent.

The **service sector** is now our largest industry, employing 77.7 per cent of workers in 2020, according to the World Bank. Examples of large service industries include tourism and hospitality services, financial and **insurance** services, education and training services, and health care.

service sector
companies, businesses and government enterprises that provide intangible goods that benefit consumers, such as tutoring, accountancy, hairdressing and legal advice

insurance
a guarantee that there will be compensation for future loss, damage, illness or death in return for a specified payment in the present

Think, pair, share

- Think about the disadvantages to employers of remote work, and possible solutions.
- Discuss your ideas with a partner.
- Share your thoughts with the class.

Australian workplace responses to the pandemic

Business organisations were forced to adapt to accommodate the restrictions that the global COVID-19 pandemic placed upon them. Employers had to become creative and resourceful in order to maintain their business and continue operations.

Working remotely

Businesses had to respond rapidly to imposed lockdowns to ensure employees could work safely from home. For many people this was the first time they had experienced doing their job away from the office. The flexibility of working location has become an attractive option for some Australian workers.

Increased awareness of physical and mental health and well-being

Employers have stepped up their workplace health and safety procedures and reviewed wellness policies in light of the pandemic. Some changes were immediately brought in, such as increased hygiene in the workplace, social distancing requirements, and ensuring that people working from home had suitable equipment and furniture that met work health and safety standards. Learning from the experience of the pandemic, lockdown and isolation, some employers may recognise the need to manage mental health differently and improve policies in this area.



The office as a social interactive environment

For some people, the pandemic highlighted a new appreciation of interacting and working collaboratively with others. The 'new normal' in the workplace may see fewer individual office desks and more open conference, meeting and workshop areas. These open and collaborative layouts could foster interaction and community engagement, which can lead to creativity and innovation.

Benefits of flexibility and convenience

Businesses have learnt which tasks can be completed successfully from home and which require staff to be on-site. Many businesses have made the decision to reduce the number of employees who will work physically in the office each day, offering employees more choice on the hours and days they will be required in the office.

During the pandemic, training and professional development courses became widely available online. E-learning and virtual training rapidly improved and many organisations found this a cost-effective way to upskill their employees.

1. Remote work will become a widely accepted alternative to location-based work.



2. Finding talent will become easier as new hires will be available globally via remote work.



3. Virtual learning will expand dramatically so that employees can develop their skills in less time.



4. Virtual reality will advance so that employees can work more collaboratively through common viewing.



5. Telehealth usage will spread as companies and employees recognise the value of distance care.



6. Employers will become more fiscally conservative than they were in the 2010s.



Source 2 Six ways COVID-19 will change the world of work

4.1 CHECK YOUR LEARNING

Review and understand

1 **Describe** how one Australian industry has changed since the 1960s.

2 **List** one example of an occupation in each of the following service industries:
- **a** education and training
- **b** tourism and hospitality
- **c** financial and insurance services.

Apply and analyse

3 From the following list of jobs, **determine** (decide) which are no longer required:
- **a** clerical worker
- **b** shopkeeper
- **c** switchboard operator
- **d** garbage collector
- **e** accountant
- **f** milkman

4 **Suggest** three reasons why female participation in the workforce has increased over the past 50 years.

Evaluate and create

5 Ask your grandparents or an elderly friend how work has changed since their first job. **Create** a hypothesis and a set of questions for your interview, then report your findings to the class.

6 **Discuss** the impacts of the COVID-19 pandemic on workplace environments. In your opinion, have workplaces changed for the better as a result of the pandemic?

7 **Evaluate** the advantages and disadvantages of working remotely (working from home), from an employer's perspective. In your opinion, is it better overall for the employer to have employees working remotely?



Key skill worksheet
Communicating & reflecting: Globalisation and the workforce

4.2 Enterprising skills and soft skills

In this topic, you will:

- understand the importance of enterprising qualities in achieving business goals
- explain the difference between hard and soft skills.

enterprising
demonstrating initiative and willingness to undertake new projects

employee
an individual who is hired to perform specific tasks in return for payment

Quiz me!
A quick quiz on work skills

An **enterprising** individual is one who shows initiative, is prepared to take on a new project, sometimes overcoming significant obstacles, and is prepared to take risks in order to succeed. Enterprising individuals sometimes start their own business, while others use their enterprising skills to achieve success working for a company or organisation. An **employee** might, for example, have a new idea to improve a product or service that really benefits the organisation they work for. Enterprising skills can also be used to promote a social cause and make a difference to the lives of others. For example, STREAT is a social enterprise that has served over four million people across its hospitality businesses, while helping homeless youth have a stable job and supported pathways to employment.

Enterprising skills and examples
Creativity and innovative skills Creating a unique product that solves a problem
Analytical skills Identifying a problem and how it can be solved
Digital literacy skills Using social media effectively
Financial literacy skills Working within a budget
Project management skills Ensuring tasks are completed properly and on time
Communication skills Winning others over with a persuasive argument

Source 3 An enterprising individual usually has a range of skills.

CASE STUDY

Could you be enterprising?



Source 4 Morgan Hipworth at the NGV Teen Art Party at the National Gallery of Victoria in Melbourne.

Morgan Hipworth has taken the cafe world by storm with his twist on the simple doughnut. Morgan's creations are not your regular doughnuts. They are baked and 'injected' with his own flavours. Some even come with a syringe of flavour for consumers to inject into the doughnut themselves. Morgan doesn't skimp on quality either, using the best ingredients, such as real butter.

At the age of 14 years, Morgan started out small, supplying his homemade doughnuts to a cafe in Melbourne. One year later, in 2016, he opened a pop-up store that sold more than 10 000 doughnuts in 8 days. When he was in high school, he would fit 40 hours of baking into his week and still have time for school, homework and sport. Today Morgan has his own cafe, called Bistro Morgan Bakehouse.

Being enterprising encompasses a whole range of skills. Someone may have a fantastic idea but lack the determination or project management skills to see their idea materialise into a successful product or service. Source 3 lists some of the skills that enterprising individuals may possess. Enterprising skills such as these are said to be more powerful than technical knowledge as a predictor of long-term job success and performance.

Going with the flow?

CASE STUDY

Father-and-son team Stuart and Cedar Anderson have created a product that beekeepers can use to harvest honey straight from the hive. Their unique product solves the problem of dismantling a bee hive to remove honey. The product, called Flow Hive, is gentle on the bees and reduces the chance of the beekeeper being stung, because the honey flows directly out of the hive.

All business ideas need to be funded, though, so the Andersons turned to crowdfunding. Crowdfunding is a practice where money is raised by a large number of people to finance a project or venture. A record $17.8 million dollars was raised for the Flow Hive through a crowdfunding site called Indiegogo. Flow Hive is being manufactured in Australia, with orders received from 148 countries.

Success didn't come overnight, though. It took 10 years to perfect the product. Cedar says, 'We always dreamed it would be successful one day. But you really don't know.'



Source 5 The successful beekeeping invention Flow Hive, developed by Cedar Anderson (pictured) and his father, Stuart Anderson, was financed by crowdfunding.

'Soft skills' are important too

Machines are now performing many tasks once undertaken by humans. This is called automation and it has implications for the skills that are going to be in high demand in the future. Many business experts are saying that individuals with '**soft skills**' (which machines do not have) will be the most sought-after workers. Soft skills are personal skills such as understanding social graces (for example, covering your mouth while coughing), communicating well, managing and leading others, and working well in a team. Strategic business analyst Jason Widjaja, who works for a large company, said that while his technical or '**hard skills**' were good, he was 'marked down in terms of adding value to meetings, workshops, interviews and all those areas where you needed to express and articulate your thoughts more clearly'.

crowdfunding
when a large number of people fund a project, usually via the internet, by each providing small amounts of money

soft skills
personal qualities that allow a person to effectively interact with other people in a harmonious manner

hard skills
skills that are teachable and can be measured, such as using a computer

4.2 CHECK YOUR LEARNING

Review and understand

1 **Describe** how a person can be enterprising in the workplace.
2 **Summarise** the difference between 'hard skills' and 'soft skills'.
3 **Explain** why experts believe that 'soft skills' will continue to be in high demand by employers.

Apply and analyse

4 **Apply** your knowledge to decide if Morgan Hipworth could be considered an enterprising individual. Give reasons for your answer.
5 **Determine** which of the following display 'soft skills'.
   a Michael always arrives late for work, talks too loudly on the phone and continually uses social media at work.
   b Raj started work at an accountancy firm and seemed to 'fit right in'. He is always courteous and goes out of his way to help others in his team succeed.
   c Melanie tends to sit back at meetings and listen. She is hesitant to offer her own ideas.
   d Jan always attends meetings on time but she talks mostly about her own successes and it is clear that she delegates to others the work she should be doing herself.
   e Lee is always positive and is determined to solve problems using methods most would never think of.

Evaluate and create

6 **To what extent** do you think people can learn some 'soft skills'? Reflect on whether skills such as working well with team members, communicating well with others and complying with social rules are skills that can be learnt.

4A

RICH TASK

Quizlet
Revise the key terms you have learnt so far.

The job market

'What do you want to be when you grow up?' It's a question we are all asked from an early age and many of us change our mind several times before we even begin our first career. Indeed, it is now common for people to have multiple careers in a lifetime instead of just one.

Interest in a chosen field, ability, educational requirements, pay and working conditions are just some of the factors to be considered when choosing a career. Overall employment prospects for your chosen occupation could also be considered. Source 7 shows some occupations that are projected to have some of the highest projected levels of employment in May 2024. As you can see, most of the growth areas are in the service sector.

The areas of health care and social assistance are projected to make the largest contribution to employment growth.

Source 6 In Victoria, health care and social assistance is the top employing industry, followed by the retail trade. According to the National Skills Commission, one in four Victorians works across these two industries.



Source 7 As the population ages, many occupations in the field of health care will experience increased demand.

Occupation	Employment level May 2019 ('000s)	Projected employment level May 2024 ('000s)
Drillers, miners and shot firers	58.4	72.6
Mining engineers	11.1	12.1
Welfare support workers	65.6	80.5
Fashion, industrial and jewellery designers	15.3	18.4
Registered nurses	280.1	312.7
Aged and disabled carers	177.2	222.3
Bricklayers, carpenters and joiners	176.6	195.5
Plumbers	80.9	88.6
Surgeons	7.0	7.7
Electricians	140.7	147.6
Chefs	101.0	117.3
ICT support technicians	65.3	74.4
Other building/engineering technicians	25.1	28.8

*Note: Source 7 data shows 2019 employment projections and does not take account of any impact caused by the COVID-19 pandemic.

Australian Government Labour Market Information Portal, 2019

KEY SKILL
Asking questions & conducting research

Searching for relevant and reliable information online

Have you ever forgotten your keys or wallet? The best approach to finding your lost possession is to 'refine' your search, perhaps by thinking where you were when you lost your keys or wallet and checking there first. It's the same with searching for information on the internet. In order to find what you are looking for, you need to narrow down your search using keywords. You must also evaluate the reliability and credibility of each website you find.

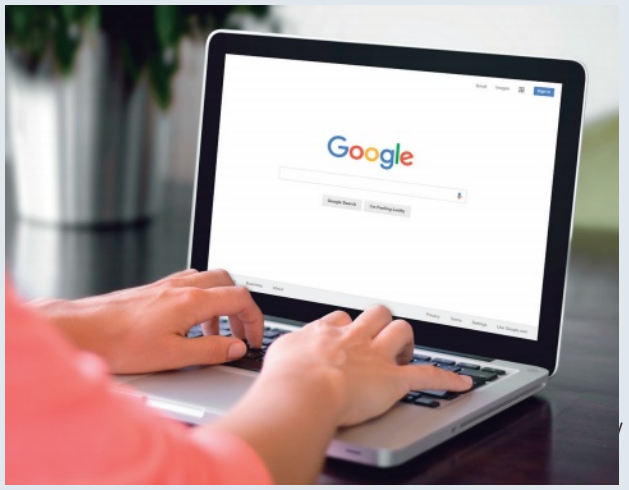
Use the following steps to find and evaluate reliable information on the internet:

Step 1 Identify keywords related to your topic and type these into a search engine such as Google. (Use only these keywords – do not type in whole sentences or questions.)

Step 2 Add further relevant keywords to refine your search if you cannot find what you want on your first attempts.

Step 3 Look beyond the first page of results. The best results do not always appear first.

Step 4 Assess the reliability of each site by asking yourself these questions:



Source 8 You must always check the reliability of any website you use.

- Is the information accurate? Can the information be verified if you cross-check it with other sources of information?
- Does the site contain many spelling mistakes or grammatical errors? If so, this may be an indication that the site is not particularly reliable.
- Is the information current? Can you find evidence of recent updates?

For more information on this key skill, refer to page 7 of 'The economics and business toolkit'.

Practise the skill

1 Select an occupation you are interested in. **Research** the following:
   - **a** projected employment prospects
   - **b** qualifications required
   - **c** likely earning potential.

2 **Summarise** these details about the profession you are interested in, based on your research.

3 **Discuss** the industries and occupations that may be impacted by the COVID-19 pandemic. Consider both positive and negative impacts of the pandemic.

Extend your understanding

Now that you have some basic understanding of the earning potential and likely job prospects for your chosen occupation, you may wish to talk to someone in that field.

1 Use any contacts you have to arrange a 5-minute chat, either on the phone or in person. If you don't have any contacts, consider writing a letter or email to an organisation associated with that occupation stating that you are interested in talking to a staff member about their career. Before your 5-minute chat, **create** a list of questions that will guide you through the conversation.

2 After learning more about your chosen occupation, are you still interested in pursuing it? **To what extent** do you think this occupation is the best choice for you?

4.3

Responsibilities of employers and employees

In this topic, you will:

» explore the rights and responsibilities of employers and employees.

People work for many different reasons. For some, being paid is the primary reason for working. For others, such as people who volunteer, helping others in need might be the most important reason for working. Think about a job you would like to do in the future and use Source 1 to rate what you consider to be the most important (1) to the least important (10) factors.

Whatever work you choose in future, it is important that you understand your rights and responsibilities, as well as those of your employer. An employee, or worker, is a person hired to complete specific tasks in return for monetary payment. An employer is a person or organisation that hires workers to complete specific tasks and, in return, pays them.

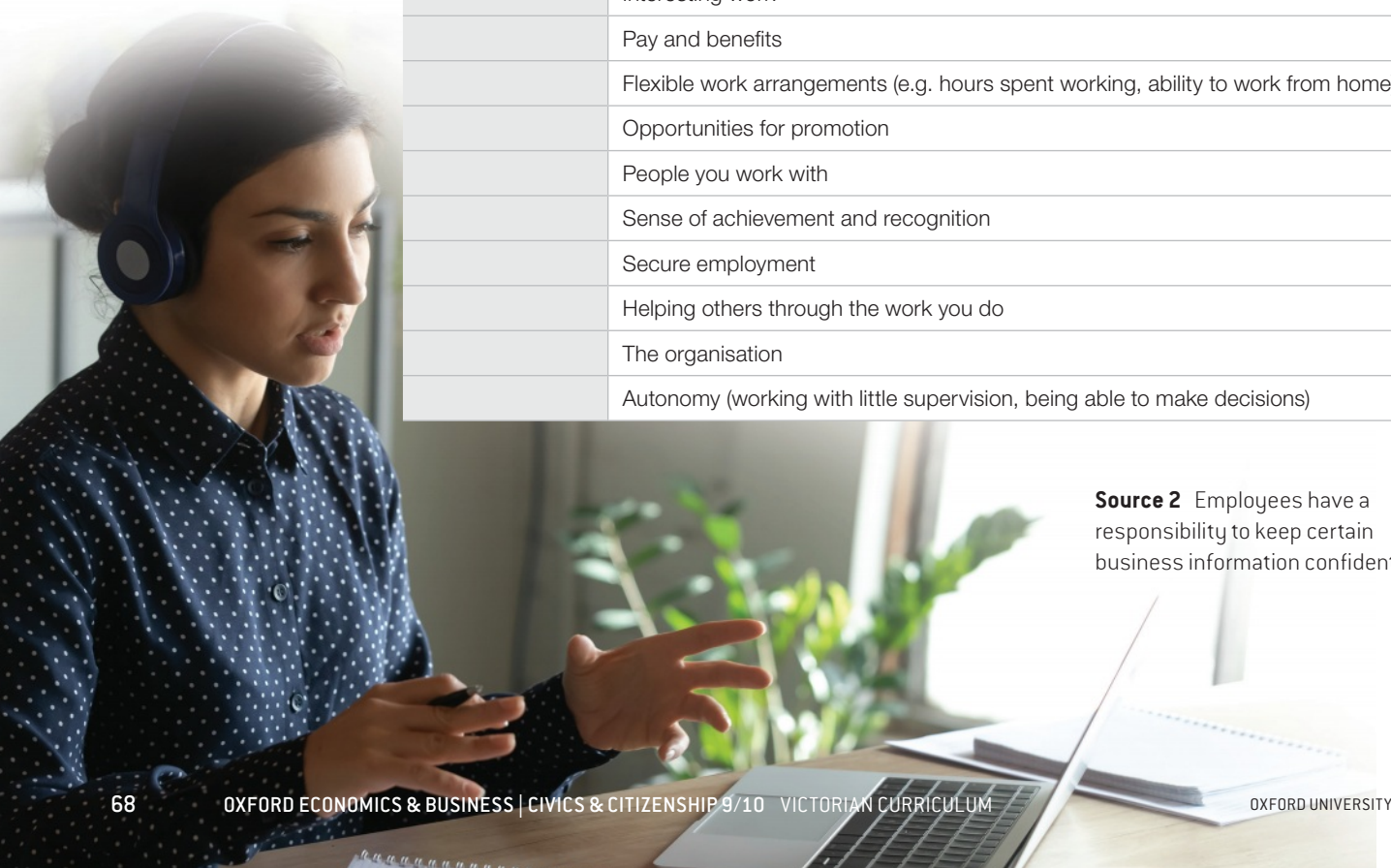
Employer obligations

Employers have specific legal obligations to their workers (see Source 3). In Australia, employers must pay employees at least the minimum wage – a base rate of pay for ordinary hours worked. Minimum pay and other minimum employment conditions are set out in a legal agreement called a **modern award**. There are 122 of these modern awards, each applicable to a particular industry or occupation.

modern award
a legal agreement that sets out minimum pay and other employment conditions

Source 1 Different factors contribute to job satisfaction for different people.

Rating 1–10	Job satisfaction factors
	Interesting work
	Pay and benefits
	Flexible work arrangements (e.g. hours spent working, ability to work from home)
	Opportunities for promotion
	People you work with
	Sense of achievement and recognition
	Secure employment
	Helping others through the work you do
	The organisation
	Autonomy (working with little supervision, being able to make decisions)



Source 2 Employees have a responsibility to keep certain business information confidential.



As an employee, I want my employer to:
- provide a safe work environment
- pay appropriate sick leave
- provide paid holiday leave
- pay superannuation so when I retire I have some savings
- provide sufficient work breaks, such as a lunch break
- ensure there is no unlawful workplace discrimination.

Source 3 Employees expect their employers to fulfil their legal obligations such as paying the correct wage and providing a safe work environment.

As an employer, I expect my employee to:
- complete the required hours of work
- be honest and accurate with money
- keep certain business information confidential
- give the required notice before leaving
- obey workplace rules such as safety and anti-discrimination rules.



Source 4 Employers also expect their employees to fulfil their legal obligations, such as fulfilling their job requirements and completing work.

Enterprise agreements

Many workplaces, however, have an **enterprise agreement**, which is an agreement about wages and working conditions made directly between employers and employees. Such agreements must be approved by the **Fair Work Commission**. If a workplace has an enterprise agreement, the modern award does not apply. The process of negotiating an enterprise agreement is sometimes called enterprise bargaining, because each party is arguing their position about what pay and work conditions they want. The employer may gain improvements in work efficiency and the employee might gain better benefits and more flexibility.

enterprise agreement
an agreement made directly between employers and employees about wages and working conditions

Fair Work Commission
Australia's national workplace relations tribunal, which carries out a range of functions concerning working conditions and resolution of workplace disputes



Source 5 An entitlement of four weeks of annual leave per year is protected by the National Employment Standards.

Think, pair, share
- Think about the expectations of employers and employees shown in Sources 3 and 4. What other things would you add?
- Discuss your ideas with a partner.
- Share your thoughts with the class.

'Better off overall' test

When approving the enterprise agreement, the Fair Work Commission applies what is known as the 'better off overall' test. This means the commission must be satisfied that each employee would be better off overall under the enterprise agreement than if the relevant modern award applied. For example, the minimum pay rate in the enterprise agreement cannot be less than the modern award.

Each enterprise agreement must also not exclude or provide lesser entitlements than the 11 National Employment Standards (first introduced in 2010). For example, one of the standards is that an employee is entitled to four weeks of annual leave per year. If the enterprise agreement stated the employee was to be given only two weeks of annual leave, the enterprise agreement would not be passed.

Key skill worksheet
Analysing sources: Wage theft

CASE STUDY

Is it up to the employer to decide your pay?

Maria Doherty, operator of a berry farm in Victoria, was fined $11 500 in 2012 for underpaying a 20-year-old shop assistant between December 2006 and June 2009. The employee was paid $10.79 to $12.78 an hour but was entitled to almost twice that rate.

According to Fair Work inspectors, Doherty said that her employee 'had the mental capacity of a 13-year-old and was not worth $17 or $18 an hour'.

Federal Magistrate Riley, who heard the case, said that Doherty 'seems to have been under the misapprehension that she was able to pay (the employee) as little as she believed his time was worth, rather than the legally required minimums'.

In total, the employee was underpaid $31 040. The Federal Magistrate ordered that the fine of $11 500 be given to the employee as some compensation for lost pay. Further legal proceedings were going to be taken but the berry farm closed down. Unfortunately, the employee has little chance of recovering the rest of the money he is owed.

Source 6 The operator of a berry farm was fined for not paying an employee the legally required minimum wage.



CASE STUDY

Did these employees behave inappropriately in the workplace?

Video footage of a Pizza Hut employee in West Virginia, United States, urinating into a kitchen sink at work made the news in many parts of the world. It's the type of incident that an employer never wants to hear about. Not only is it against health and safety regulations, it can damage the reputation of a business.

Employees have obligations to their employers to behave appropriately in the workplace. In Australia, former Federal MP Craig Thomson's misuse of his former employer's money gained much media coverage. Thomson was found guilty of 65 fraud charges relating to the misuse of his work credit card when he worked at the Health Services Union. Among other things, the work credit card was used to pay for sex services.

A former manager of the Romeo Retail Group, Sonya Bernadette Murphy, was also found guilty of a crime in the workplace. Murphy was sacked when it was discovered she had used false invoices to pay herself $885 515.29 over a 4-year period. Murphy was jailed for 18 months.

Behaving inappropriately in the workplace can also involve sexual harassment, bullying, violence and discrimination.



Source 7 In the NSW case *Goldsmith v Spotless Services Limited* (2004), an employee was dismissed after she was found to have been sleeping under her desk during a nightshift. Evidence from co-workers indicated it wasn't an isolated occurrence.

4.3 CHECK YOUR LEARNING

Review and understand

1 Sam hires Lee as a bookkeeper. **Identify** who is the employee is and who is the employer.

2 **Outline** the roles of employer and employee, and describe their respective responsibilities.

3 **Explain** the advantages of an employer and employee directly negotiating pay and working conditions.

4 Source 3, on page 69, lists some of an employer's legal obligations. **List** other things you would like an employer to provide if you were their employee.

Apply and analyse

5 **Distinguish between** an enterprise agreement and a modern award.

6 **Propose** what would happen if we didn't have laws governing the minimum wage an employee must be paid.

7 **Determine** (decide) whether an enterprise agreement that offered a lower minimum wage than the modern award would be accepted by the Fair Work Commission.

8 Why it is important to understand your rights as an employee? Use an example from this chapter to **justify** your response.

Evaluate and create

9 Go to the Fair Work Ombudsman website (a link is provided on your obook pro) and **research** five of the National Employment Standards. For each, write a sentence to explain why it might be important to uphold the standard.

10 **Discuss** why it is important to have laws that protect the rights of workers. With a partner, brainstorm scenarios where a worker might need to rely on the protection of the law. In your discussion, give reasoned arguments for and against the issue, and include your overall opinion.

Weblink
National Employment Standards

4.4 Protecting workers from discrimination

In this topic, you will:

- examine different types of discrimination
- explore examples of unlawful practices in the workplace.

Discrimination is the practice of treating a person (or a group of people) differently from another person (or group of people) based on their personal characteristics. A woman who is not given a promotion because she is pregnant is being discriminated against. Similarly, a man who is unsuccessful in getting a job because the hiring manager thinks he's too old is also being discriminated against.

Discrimination in the workplace

The Australian Human Rights Commission – along with number of state and territory agencies – deals with complaints about discrimination in the workplace. The Fair Work Ombudsman can also investigate workplace discrimination and may initiate legal proceedings. Under Australian law (according to the definition in the *Fair Work Act 2009*), two conditions must be present for discrimination to occur:

Source 8 Types of workplace discrimination

Types of discrimination	Explanation
Race	Based on a person's race (e.g. Asian, Caucasian, Black, Indian)
Colour	Based on a person's skin colour (e.g. light-skinned, dark-skinned)
Sex	Based on a person's gender (e.g. male, female, intersex, non-binary)
Sexual preference	Based on a person's sexual orientation (e.g. heterosexual, homosexual, bisexual)
Age	Based on a person's age (e.g. old, young)
Physical or mental disability	Based on a person's physical or mental disability
Marital status	Based on a person's marital status (e.g. married, divorced, unmarried, de facto)
Family or carer responsibilities	Based on whether a person has family or carer obligations
Pregnancy	Based on whether a person is pregnant or may become pregnant
Religion	Based on a person's religious beliefs (e.g. Christian, Muslim, Jewish, Buddhist)
Political opinion	Based on a person's political beliefs (e.g. left-wing, right-wing)
National extraction or social origin	Based on a person's nationality or social class (e.g. their country of origin or class status)

1. The person must have been disadvantaged in the workplace due to one or more of the types of discrimination defined in Source 8.
2. The discrimination must have resulted in an action being taken that was 'adverse' (i.e. negative) to the person. Adverse actions include:
   - dismissing (i.e. firing) an employee
   - withholding legal entitlements such as pay or leave
   - making changes to the employee's job that disadvantages them
   - treating an employee differently from other employees
   - not hiring a job applicant
   - offering a potential employee the job but with different and unfair terms and conditions compared to other employees.

There are some exceptions to anti-discrimination laws. For example, a 16-year-old would not be able to be employed serving alcohol in a bar until they were 18, because of the law.

CASE STUDY

Can you be fired for being 'too old'?

A long-serving waiter at a Thai restaurant in Queensland was told that his employment would be terminated on his 65th birthday. The waiter received a letter from the employer that stated it was the company's policy 'that we do not employ any staff that attain the retirement age, which in your case is 65 years'.

The Fair Work Ombudsman ordered the restaurant operators to pay $29 150 for breaking the law with regard to age discrimination and not keeping proper employment records. A sum of $10 000 was also paid to the former employee.



Source 9 It is illegal to discriminate in the workplace on the basis of age.

Sexual harassment in the workplace

Sexual harassment is sexual behaviour that is unwanted or unwelcome. It is unlawful. Such behaviour could be expected to make the recipient feel offended, humiliated, ashamed or embarrassed, or intimidated and frightened. Examples of sexual harassment in the workplace include staring or leering, making comments or jokes that are suggestive, sending text messages or emails that are of a sexual nature, or requesting sex or repeatedly asking for a date when these requests are unwanted. Sexual harassment may also include unwanted physical behaviour such as deliberately brushing up against someone. A complaint about sexual harassment can be made to the Human Rights Commission.

sexual harassment inappropriate unwelcome behaviour of a sexual nature

Quiz me!
A quick quiz on workplace discrimination

4.4 CHECK YOUR LEARNING

Review and understand

1 **Outline** the two conditions that must be met to determine that there has been discrimination in the workplace.

2 **Identify** the type of discrimination that has taken place in each of the following situations. The first answer has been done for you.
   - **a** A job advertisement for a bar attendant states that only females need apply. (Answer: sex discrimination.)
   - **b** Mia turned 17 and suddenly found many of her shifts were given to younger workers because her employer couldn't afford to pay Mia the higher wage.
   - **c** Alice reveals at a job interview that she is due to have a baby in six months' time. The employer states that it is a 'waste of time' even continuing with the interview.
   - **d** Jeff is married and has two sons. He applies for a position to work in Antarctica for a year. The job advertisement says that those with families should not apply due to the extreme conditions and solitude.

3 **Explain** why the following cases could constitute sexual harassment.
   - **a** Tomo's manager wolf whistles at her as she enters the building each day. Tomo averts her gaze.
   - **b** Liliana repeatedly asks her employee Sam if he would like to join her at her beach house, despite Sam making it clear he is not interested.

Apply and analyse

4 **Distinguish between** sex discrimination and sexual harassment.

5 **Suggest** why it is important to have anti-discrimination and sexual harassment laws.

Evaluate and create

6 Refer to the case study 'Can you be fired for being "too old"?'. **To what extent** do you agree with the decision to fine the restaurant operators $29 150 for discriminating against the waiter?

4.5 Protecting workers from bullying and unfair dismissal

In this topic, you will:

- examine relevant industrial relations terms such as bullying and summary dismissal
- identify legislation to protect workers in the workplace.

If a person believes they have been unfairly dismissed from a job, or have been bullied in the workplace, they may be able to have the matter referred to the Fair Work Commission.

Bullying in the workplace

Workers who believe they have been bullied may apply to the Fair Work Commission for an order to have the bullying stopped. Health and safety organisations in each state and territory may also deal with complaints about workplace bullying.

Under the *Fair Work Act 2009*, workplace bullying has occurred when:

1. a person or group of people behaved unreasonably to a worker or a group of workers at work
2. the bullying occurred repeatedly
3. the bullying created a health and safety risk.

There is a difference between workplace bullying and taking reasonable action to manage an employee. For example, reasonable management may entail informing the worker about their unsatisfactory work performance in an appropriate way or setting goals for the worker that will be monitored to ensure they are met.

dismissal
an employer terminating an employee's employment against the employee's will

summary dismissal
the severe step of terminating an employee without notice

Unfair dismissal

If you are ever dismissed, remember that Walt Disney was once sacked for not being creative enough! Being dismissed is a traumatic experience, especially if the **dismissal** is unfair. If a person thinks this is the case, they may be able have the matter referred to the Fair Work Commission. For the dismissal to be considered unfair, it must be considered to be harsh, unjust or unreasonable. In determining whether the dismissal was harsh, unjust or unreasonable, the questions in the Fair Work Commission's unfair dismissal checklist will be considered (a link is provided on your obook pro).



Source 10 Employees should be extremely careful about making comments about managers and colleagues on social media.

Sometimes employers must make what is known as a **summary dismissal**. This means that the employer dismisses the employee without notice or warning because they believe, on reasonable grounds, that the employee's conduct is sufficiently serious to justify immediate dismissal. Examples of serious misconduct include theft, fraud, violence and not following important health and safety procedures.

In 2012, a Linfox truck driver was dismissed for making comments about his managers on Facebook. The truck driver had not intended for the comments to be seen by members of the public, and Fair Work Australia (the predecessor to the Fair Work Commission) ordered that the dismissal was unfair. In handing down the decision, however, Fair Work Australia warned that employees should be extremely careful about making comments about managers and colleagues on social media.

Worksheet
Fair Work Commission: Unfair dismissal

CASE STUDY

Have you ever been bullied at work?

Teenage waiter Brodie Panlock was bullied so much at work it eventually led her to take her own life in 2006. The four men responsible for bullying Brodie at Café Vamp in Hawthorn, Victoria, were convicted and fined a total of $115 000. The company that runs the cafe was also convicted and fined $220 000 for not taking reasonable care for Brodie's health and safety. The bullying occurred between June 2005 and September 2006 and included Brodie being spat on, having fish oil poured on her and being told she was ugly.

Brodie's case was such a serious case of workplace bullying it resulted in the Victorian Government passing legislation in 2011 to make serious bullying a crime punishable by up to 10 years in jail.



Source 11 Brodie Panlock's death highlighted the human cost of workplace bullying. Bullying also has an economic cost: the Productivity Commission estimates that workplace bullying in Australia costs between $6 billion and $36 billion annually.

4.5 CHECK YOUR LEARNING

Review and understand

1 **Describe** summary dismissal, giving an example to support your answer.
2 **Outline** what an employee can do if they think they have been unfairly dismissed.
3 **Define** 'bullying' in your own words.
4 **Identify** an example of legislation that protects workers in the workplace.

Apply and analyse

5 **Propose** two strategies that are considered 'reasonable management' by an employer.
6 **Classify** the following reasons for dismissing an employee as fair or unfair.
   a Jan is late for work on one occasion and her employer tells her to pack her bags and go.
   b A cafe customer complains about coffee being too cold. The employee throws the coffee at the customer and says, 'Now you have something to complain about!'

Evaluate and create

7 Do you think it is fair that employers are responsible for the behaviour of their employees at work? **Discuss** in groups of two or three, justifying your opinions and giving examples to illustrate your points.

I used to think, now I think
Reflect on your learning about bullying in the workplace and complete the following sentences.
- I used to think ...
- Now I think ...

What has changed in your understanding?

4B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Unfair dismissal

An employer should have a thorough knowledge of unfair dismissal laws before dismissing a worker. As discussed in the previous topic, for dismissal to be considered unfair it must be considered to be harsh, unjust or unreasonable.

In unfair dismissal cases, both the employer and employee are encouraged to find a solution to the matter themselves. Sometimes, however, the Fair Work Commission must make a decision about whether an employee has been unfairly dismissed. The following two cases highlight the complexity involved in many unfair dismissal cases.



Source 12 An employee who took some Milo home in a container was dismissed.

The Milo case

The case *Homes v Coles Group Limited* (2014) FWC 1013 concerned a Coles employee who was dismissed after taking some Milo. Coles provided Milo for their staff to drink on a tea break. One employee preferred to drink Milo mixed with his own drinking chocolate, coffee and raw sugar. He would regularly take home some Milo from work in a container to mix it with other ingredients.

In August 2013, a security officer found Milo in the worker's bag but the worker claimed the Milo was his (he claims to have said this because he was in a state of shock). The employee was suspended from work while further investigation took place. After the employee was interviewed about the matter, 11 days later, he was dismissed for serious and wilful misconduct because he had taken the Milo and lied about it. The Fair Work Commission found that the employee was unfairly dismissed. He was reinstated and was also paid for the period between the dismissal and reinstatement.

The problem:
Coles Warehouse dismissed its employee because he had taken some Milo from the break room.

Identify business knowledge applicable to the case:
for dismissal to be considered unfair it must be considered to be harsh, unjust or unreasonable.

A Coles Warehouse employee was suspended, then dismissed from Coles Warehouse for serious and wilful misconduct. He had taken Milo provided at work to his home, mixed it with other ingredients, then brought it back to drink at work.

Apply business knowledge to this case:
was dismissing the employee for taking a small amount of Milo that he later consumed at work harsh, unjust or unreasonable?

Source 13 This diagram shows how knowledge of unfair dismissal can be applied to the facts in the Milo case.

The swearing case

In the case *RM v SCT Pty Limited T/A Sydney City Toyota* (2013) FWC 1077, a car sales executive working for Sydney City Toyota was summarily dismissed after swearing at a customer. It was that salesperson's specific duty to assist government customers in relation to the sale of Toyota cars. The salesperson was annoyed that the customer had given the sale to another Toyota car dealership, and a couple of months later he spoke to the customer about it. Despite initially denying he had sworn at the customer, the salesperson later conceded under cross-examination that the following conversation had taken place in the reception area:

Salesperson I thought that we were going to get the order for that one.

Customer I don't know what happened. We got it at Chatswood.

Salesperson Well I guess that means that you wasted my ******* time.

An independent witness stated the salesperson's behaviour was 'pretty aggressive'. A day after the incident, the salesperson was asked to attend a meeting to discuss allegations about his conduct and its impact on the business's reputation. He was asked if he would like to bring another person to the meeting for support and was assured that if he needed more time the meeting could be rescheduled. At the meeting, the salesperson was given the opportunity to respond to the allegations. Shortly after the meeting, he was given a termination letter that said his conduct 'caused an imminent risk to the reputation and profitability of Sydney City Toyota'.

KEY SKILL
Reasoning & decision making

Applying business knowledge to new situations

Being able to apply knowledge to solve issues or problems is a skill many employers seek in their staff. Knowing the steps involved in applying knowledge to solve issues or problems allows the problem to be solved quickly, and often makes the outcome fairer.

Step 1 Explain the main problem or issue in one sentence.

Step 2 Identify the main facts surrounding the specific issue or problem – this may involve stating clearly what happened, who did what, who said what, and when it happened.

Step 3 State clearly the business knowledge applicable to the general issue or problem. Divorce yourself from the specific problem and think more broadly. For example, if someone has broken the law, look specifically at what constitutes breaking the law and not whether the law was broken.

Step 4 Turn the general business knowledge you have gained on the issue/problem (in Step 3) into a series of general questions. Going back to our problem of breaking the law, the question might be, 'What constitutes breaking the law?' You might need to write the answer down.

Step 5 Refer to the specific issue or problem and ask yourself the same questions you posed in Step 4, but this time answer those questions in relation to the specific issue or problem.

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.

Practise the skill

1 Read the swearing case and **determine** whether the employee was unfairly dismissed by following the five steps outlined above.

Extend your understanding

1 Now that you have applied your business knowledge to the swearing case, **research** the outcome of the case. Enter the name of the case into a search engine: *RM v SCT Pty Limited T/A Sydney City Toyota* (2013) FWC 1077. Compare your decision about the case with the Fair Work Commission's decision.

4 CHAPTER REVIEW

Review questions

4A How do changes in the workplace affect people?

1 **Propose** three ways that technology has affected the way Australians work. (6 marks)

2 The Australian population is ageing. **Suggest** two impacts that this will have on the workforce. (4 marks)

(Total: 10 marks)

4B What are the roles and responsibilities of people in the workplace?

1 **Define** the term 'discrimination'. (1 mark)

2 **Identify** the name of the test that the Fair Work Commission applies when approving enterprise agreements. (1 mark)

3 **Discuss** the role of the Fair Work Commission in protecting workers, giving one example that has been studied in this chapter. (8 marks)

(Total: 10 marks)

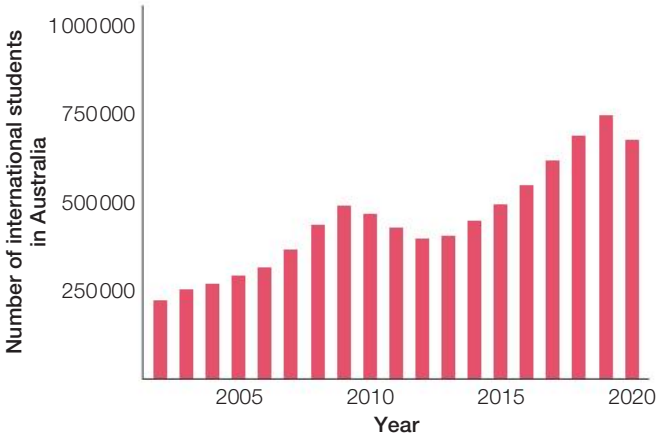


Source 14 Technology is constantly changing the way we work.

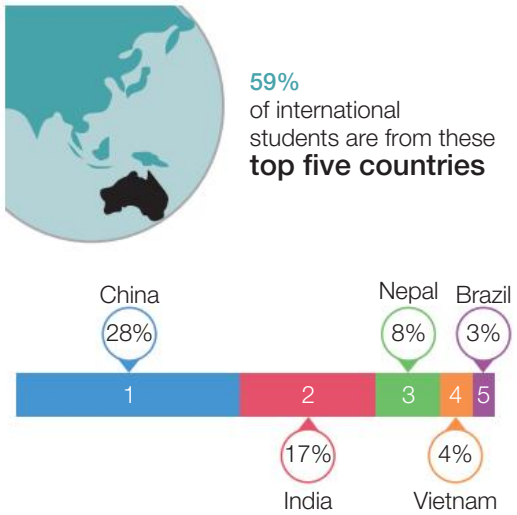
Review activity

Read the information and study the sources, then answer the following questions.

Australia's service sector and international students



Source 15 The number of international students in Australia in the past 20 years.



Source 16 The top five countries of origin for international students in Australia

The Department of Foreign Affairs and Trade records that education is Australia's largest services export. In 2019 there were more than 917 000 international student enrolments. The growth in education-related travel services was due to the increase in students from China, India and Nepal. Of Australia's short-term education visitors in 2017–18, more than 70 per cent were from Asian countries, 15 per cent had family come to visit while they were studying, and 24 per cent travelled to regional Australia.

In March 2021, East Asia Forum reported that more than 170 000 international student visa holders were stuck outside Australia and unable to enter due to COVID-19 travel bans that were put in place in February 2020. The COVID-19 pandemic has impacted the revenue streams of nearly every university in Australia. In 2019 Australian universities gained almost $10 billion in tuition fees. Considering that international students pay fees that are usually twice the amount domestic students pay, the loss of international students greatly impacts universities' revenue.

1 **Explain** what the service sector is, and why it is important. (3 marks)

2 **Identify** the top two origin countries for international students in Australia. (1 mark)

3 **Explain** the economic benefits for Australia of short-term education visitors to Australia in 2017–18. (3 marks)

4 **Explain** why international education is classified as an export service. (3 marks)

5 **Describe** the trend in numbers of international students in Australia from 2005 to 2020. (2 marks)

6 **Discuss** the impact the COVID-19 pandemic has had on the Australian education industry. In your discussion, suggest a strategy that the government could use to help institutions that have been severely affected. (8 marks)

(Total: 20 marks)

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Communicating & reflecting: Chapter 4

Quizlet
Play a game of Quizlet on The changing work environment.

Chapter review quiz
Chapter 4

CHAPTER 5

Measuring the performance of Australia's economy

If you were planning to go for a walk and saw a weather report that severe weather was expected in your area, would you change your plans in any way?

Many people would – and it is the same with an economy.

Economists study the relationships between the resources that an area has and what it is able to produce. It is important to measure the performance of Australia's economy to be able to see what lies ahead, as well as any changes that should be made.

The performance of an economy can be measured in many ways. For example, rates of production and employment levels, as well as the price of goods and services, can be signs of how well an economy is performing.

» **Source 1** Increased rates of production and levels of employment can be indicators that an economy is performing well.



5A

How is the performance of the Australian economy measured?

5B

How well does the Australian economy perform compared with other economies around the world?

5.1 Measuring growth – GDP

In this topic, you will:

» examine GDP as an indicator of economic performance.

One way of measuring your performance at school is checking how well you have performed on a test. One way of measuring the performance of the economy is checking **Gross Domestic Product (GDP)** figures. If GDP increases, we know that the economy is growing. If GDP decreases, we know the economy is contracting, or shrinking.

Understanding GDP

Let us look at the term 'Gross Domestic Product' in more detail:

- 'Gross' means that tax or other deductions are not taken into account when calculating GDP. GDP is a measure of value before these are deducted. For example, machinery decreases in value over time due to wear (known as **depreciation**), but this is not taken into account when calculating GDP.
- 'Domestic' refers to production within a country, such as Australia.
- 'Product' refers to **goods** (such as bread, mobile phones and clothes) and **services** (such as haircuts, tax returns and school fees). Only **final goods and services** are included when calculating GDP. For example, an apple pie is a final good because it is no longer being used to produce another good.



Source 1 GDP is one way to measure economic growth in an economy.

Gross Domestic Product (GDP)
the total monetary value of all the goods and services produced by a country over a specific time period (usually a year)

depreciation
a reduction in value of an asset (such as a computer) over time due to wear and tear

goods and services
products made for consumers; goods are tangible products that can be touched; services are intangible products that cannot be touched but benefit the consumer in some way

final goods and services
goods and services that are at their furthest stage of production; that is, they will not be used to produce other goods and services

Source 2 Annual percentage change in real GDP for Australia, 2015–2020 (adjusted for inflation: see page 84)

Year	2015	2016	2017	2018	2019	2020*
Annual percentage change	2.3	2.8	2.4	2.8	1.8	–4.2

*IMF forecast from the January 2021 *World Economic Outlook* report

Source: IMF

Graph it!
GDP change in Australia

Why economic growth is important

The Australian Bureau of Statistics (ABS) releases its GDP figures every quarter (that is, every three months). It is the percentage change in GDP that makes the news and tells us whether the economy is growing. On a yearly basis, economists hope to see **economic growth** exceed 2 per cent.

Economic growth is important because if more goods and services are being produced, this means that more people are being employed (and paid wages) to make them. People are then able to spend their wages on a wider variety of goods and services that may improve their **living standards**. When economic growth falls, it means that there is a decline in the number of goods and services being produced, which usually means a decline in the number of people being employed, and the wages they are paid. In turn, this often means a decline in their living standards.

economic growth
an increase in the amount of goods and services produced, per person, within a specific period of time

living standards
the level of wealth, material goods, comfort and life necessities available to people living in a geographical area

An economic **recession** is where economic growth falls for two or more quarters in a row (that is, for six or more months). Australia has had five recessions since 1960: 1961, 1974–75, 1982–83, 1991–92 and 2020. A **depression** is more severe, and is classed as an extreme recession lasting two or more years. In a depression, economic growth falls, there is a decrease in the amount of money lent, a significant increase in unemployment, and little consumer confidence.

Limitations of GDP as a measure

At school, your test results alone do not always paint a true picture of your performance. Most of the time, good performance can only be assessed by looking at a range of different measures, such as your attitude and behaviour in class, and your relationships with your classmates. In a similar way, GDP alone does not accurately assess the true performance of the economy. In fact, producing more goods and services may have some undesirable environmental and social consequences.

Source 4 lists important factors for a worthwhile life. None of these factors are considered when calculating GDP.



Source 3 Boys collect bricks during the Great Depression. In mid-1932 almost 32 per cent of Australians were out of work. Many young people took up extremely low-paying and physically demanding jobs to help provide income for their families during these hard times.

Source 4 Important factors for a worthwhile life

Factors
Having enough leisure time
Spending time with family and friends
Contributing to the community
Having a job that you find rewarding
Enjoying nature
Having good health
Being in a pollution-free environment
Living in a society where income and wealth are distributed fairly

recession
when economic growth falls for two or more quarters in a row

depression
when economic activity is in decline over the long term

5.1 CHECK YOUR LEARNING

Review and understand

1 **Identify** what GDP stands for.
2 **Explain** one possible reason why we measure GDP.
3 **Outline** at least three factors that affect a nation's progress, but are not measured by GDP.
4 In your own words, **define** 'economic depression'.

Apply and analyse

5 **Summarise** the consequences of a depression.
6 **Explain** how you think producing more and more goods and services each year might affect our environment.
7 What percentage change in GDP do economists like to see? **Determine** (decide) why you think this is.

Evaluate and create

8 **Examine** Source 2. Why do you think there was a significant decline in GDP growth in 2020? Think about what events may have had an impact.
9 Refer to the Chart Pack at the Reserve Bank's website (a link is provided on your obook pro) and find the latest annual and quarterly GDP figures. **Examine** how GDP has changed since 2018. What trends can you identify?
10 **Create** a diagram or infographic showing how increases in GDP can lead to increased employment and improved living standards.

Weblink
Reserve Bank Chart Pack

5.2 Measuring price changes – inflation

In this topic, you will:

» examine inflation as an indicator of economic performance.

inflation
an increase in the general level of prices paid for goods and services over a certain period of time

consumer
a person who buys goods or services for personal use

capital equipment
physical items, such as vehicles, machines and computers, that are used in production

interest rate
the amount a borrower must pay to a lender for the use of money – usually expressed as a percentage of the total amount borrowed

Inflation occurs when there is an increase in the general level of prices paid for goods and services over a certain period of time. Usually we measure the change in prices on a yearly basis. Rising prices means the **consumer** must pay more for goods and services if they want to continue to consume the same amount and maintain their living standards. For example, $100 spent on goods and services in 1980 would cost $480.10 in 2020 (assuming an average inflation rate of 4 per cent over those 40 years). It must be remembered, however, that wages and salaries also increase. In 1980, the average weekly wage (before tax) was $275.60 and in November 2020 it was $1711.60. The Reserve Bank of Australia and Treasury have an inflation target of 2–3 per cent per year, so if the rate is not higher than that, inflation is considered low enough.

Reasons for inflation

One of the main reasons that prices rise is stronger demand in the economy for goods and services. If the demand is such that companies are unable to keep up with the demand for their products, this can lead to a shortage of goods and services. The result of this is that prices increase. Increased spending might be due to:

- consumers feeling confident about their income and employment in the future
- businesses feeling confident about the future – they may therefore expand their business operations, employ more staff and invest in better **capital equipment**
- trading partners demanding our exported goods and services
- relatively low **interest rates**, encouraging consumers and business to borrow more
- lower taxes and increased government spending.

Inflation may also occur due to increasing costs:

- If wages increase, this extra cost may be passed on to consumers as higher prices.
- Higher taxes and higher interest rates may lead to increased costs that businesses must bear.
- Businesses using imported raw materials may have to pay more if the value of the Australian dollar falls relative to other currencies.
- An increase in oil or energy prices can have a big impact on costs for many businesses.

Inflation winners

- **High-income earners** – people with jobs, whose incomes increase at the same rate or faster than inflation
- **Borrowers** – rising prices means it may be better to borrow with a fixed interest rate and purchase now
- **Importers** – the price of imported goods may be cheaper than the price of goods produced in Australia

Inflation losers

- **Low- to middle-income earners** – people on incomes that do not increase as fast as inflation, such as part-time workers, the unemployed and pensioners
- **Bank savers** – money sitting in the bank may not buy as much as it previously did due to price rises
- **Exporters** – as exported goods become more expensive, demand from overseas consumers will fall

Source 5 Higher inflation rates affect purchasing power. They have an adverse impact on some groups in our community. This means that some people benefit, while others do not.

How much do you pay for a cup of coffee?

CASE STUDY



As you have seen, inflation refers to the rise in the general level of prices, not just the price of a single type of good or service. Nevertheless, it is interesting to look at the price of frequently consumed items, such as a cappuccino.

A Brisbane coffee machine supplier, Gilkatho, started a 'cappuccino price index' in 2003. It first began monitoring coffee prices in Brisbane in 2003, and now monitors prices in the major capital cities in Australia. In the last quarter of 2010, for example, the average price of a takeaway cappuccino in Melbourne was $3.15. By 2019, it was over $4. The most expensive place to buy a cappuccino is Darwin and the least expensive is Sydney.

The demand for coffee fell slightly in 2020 due to COVID-19 restrictions, with fewer people visiting cafes. The prices of particular blends of coffee – such as Arabica, which is more commonly served in cafes than consumed at home – decreased more significantly than others.

In the long term, increasing demand in emerging markets such as China, India and Brazil, as well as more frequent droughts brought about by climate change, are expected to push prices up.

Measuring inflation

The Australian Bureau of Statistics (ABS) measures inflation by using the **Consumer Price Index (CPI)**. The CPI measures the price change of a typical basket of goods and services purchased by Australian households every quarter. The CPI 'basket' includes goods such as food, clothing and furniture, as well as services such as health, insurance and education. The change in these prices from one quarter to another is referred to as the inflation rate. We therefore know the rate at which prices are changing in the economy.



Source: Graph compiled by the RBA, using data from the ABS

Source 6 The target range of inflation, as measured by the CPI

5.2 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** 'inflation'.
2 **Identify** the Reserve Bank's target inflation rate.
3 **Explain** how the ABS measures inflation.

Apply and analyse

4 **Determine** (decide) which of the following factors may contribute to an increase in inflation caused by strong demand. In each case, explain why or why not.
   a Consumer confidence falls.
   b Business confidence rises.
   c Income tax is increased.
5 **Examine** Source 6 and describe Australia's inflation trend from 2015 to 2020.
6 **Explain** why people on the aged pension are more likely to be affected by higher inflation rates than employed people.

Evaluate and create

7 **Research** hyperinflation in either Zimbabwe or Venezuela. Write a 200-word paragraph describing how the economy and the people were affected.

Consumer Price Index (CPI)
a measurement of retail price changes of a constant basket of goods and services

Quiz me!
A quick quiz on inflation

5.3 Measuring participation – the unemployment rate

In this topic, you will:

» examine unemployment as an indicator of economic performance.

Think, pair, share

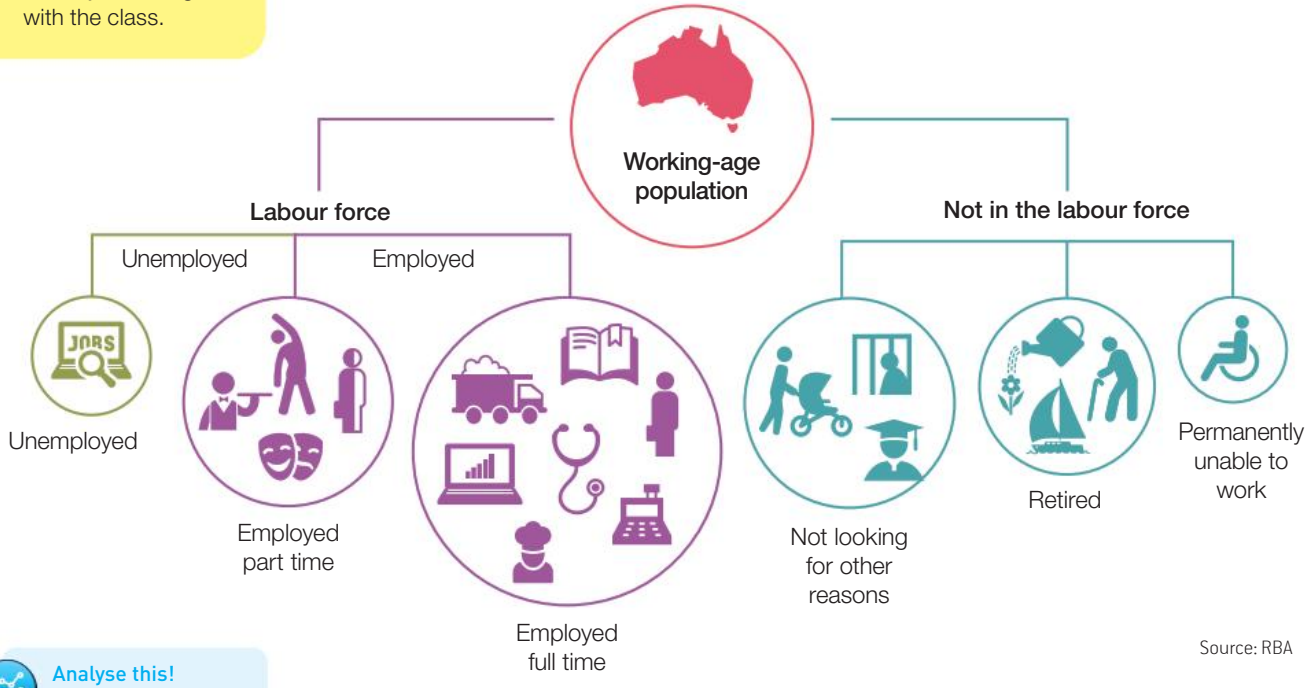
- Think about the groups of people who are not included in the workforce figures. Should they be?
- Discuss your ideas with a partner.
- Share your thoughts with the class.

According to the ABS, a person only needs to be employed for one hour per week to be considered 'employed'. This includes all Australians aged 15 years and over, from teenagers to older people.

The labour force, or workforce, is made up of both employed and unemployed people. People who are not included in the labour force figures include:

- children under 15 years of age
- retired people
- full-time students
- discouraged people (who have given up looking for work)
- home carers (people who stay at home to look after the house and children)
- people who are institutionalised (for example, in prisons and medical care homes)
- people in the military services.

Source 7 summarises those who are in the labour force and those who are not.



Source: RBA

Source 7 The working-age population is made up of those in the labour force and those not in the labour force.

Analyse this! Unemployment in Australia

unemployment rate the percentage of people in the labour force who are actively seeking employment but cannot find work

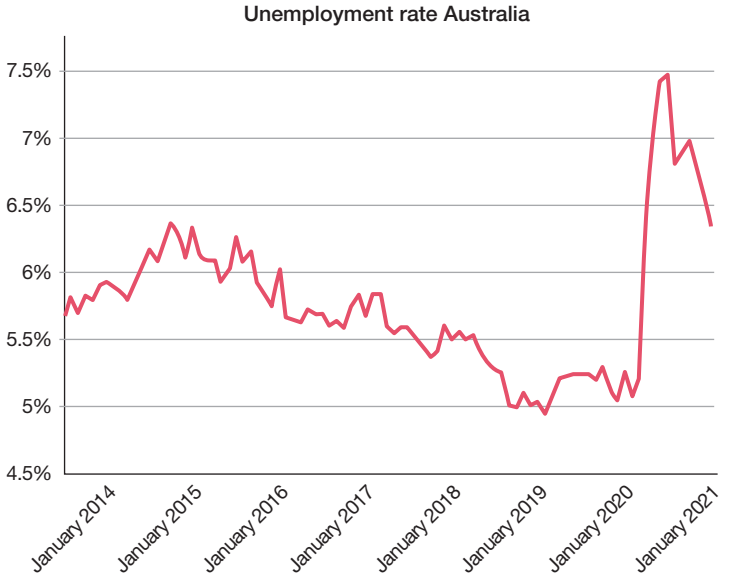
An important indicator of how well the Australian economy is performing is the **unemployment rate** – the percentage of people in the labour force who are unemployed.

When the total unemployment rate in Australia is high, the government collects less revenue in the form of taxes and must also pay more to assist the unemployed in the form of social benefits (for example, unemployment payments) and welfare programs (for example, social housing). There are, of course, a range of other social consequences associated with high unemployment rates, such as reduced living standards, loss of skills from the workforce, and the possible psychological effects of not working (such as depression).

Causes of unemployment

There are many causes of unemployment. When production or GDP is weak and spending in the economy has decreased, businesses may not hire new staff or may cut back on staff to save money and stay in business. Unemployment may also rise because of factors such as increased competition from overseas, making it difficult for Australian businesses to compete. Businesses may move their operations to other countries or may close down. Labour-saving technology may also be introduced, which may lead to unemployment, even if it is in the short term.

In 2020–21, the impact of the COVID-19 pandemic led to a spike in the unemployment rate in Australia (see Source 8). This was because government restrictions to limit the spread of the disease meant that many businesses, such as hospitality and retail, were unable to trade as normal, and there was no work for their employees.



Source: Data provided by the ABS

Source 8 Australia's unemployment rate fell from over 10 per cent in the early 1990s to under 5 per cent in the mid-2000s. In 2021, it sat under 7 per cent.

CASE STUDY

Will robots take our jobs in the future?

According to a study conducted at Oxford University, nations in the industrialised world, like Australia, could lose half of all jobs to automation. Automation is when a machine does the work of a human. It is already impacting the mining industry, where half of the iron ore in the Pilbara region is being transported by driverless robots. The big advantage to business of automation is the prospect of cutting labour costs and therefore remaining competitive on the world market.

The Royal Adelaide Hospital is one of Australia's most technologically advanced hospitals. It uses autonomous vehicles (AGVs) to deliver meals, using sensors to help navigate elevators and wards.

Some experts say that the advance in technology means that the type of work we do is changing. There will be fewer low-skilled jobs, but the opportunity to do higher-skilled work that robots cannot do will provide increased opportunities for some.



Source 9 Niska Robotic Ice Cream Bar in Melbourne is staffed entirely by robots.

5.3 CHECK YOUR LEARNING

Review and understand

1 Using Source 8, **describe** the trend in Australia's unemployment rate from 2015 to 2021.
2 **Identify** some of the social consequences of unemployment.
3 **Outline** three examples of where machines have reduced the need for labour.

Apply and analyse

4 **Explain** how unemployment affects government revenue.

Evaluate and create

5 **Discuss** why lower levels of production are likely to result in increased unemployment.
6 'A business that does not take advantage of automation risks closing down and then no one will be employed in that business.' **To what extent** do you agree with this statement? A lot (strongly) a little bit (somewhat) or not at all? Write a paragraph to justify your response.

5A RICH TASK

Quizlet
Revise the key terms you have learnt so far..

Youth unemployment

The youth unemployment rate in Australia is close to 14 per cent – that is, approximately double the general unemployment rate according to ABS figures released in 2021 (see Source 11). It includes all those aged 15–24 who are able and willing to work, but are not currently employed. Some geographical regions suffer higher rates of youth unemployment than others.

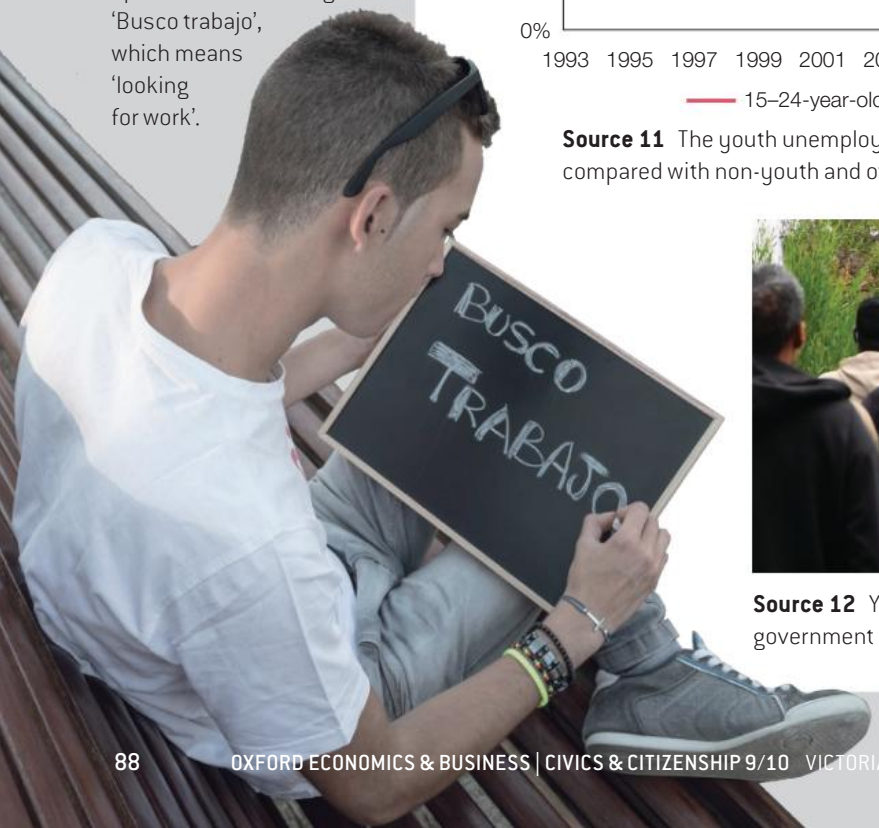
Technological change has contributed to youth unemployment. Jobs such as working on a cash register or becoming a sales assistant are no longer as plentiful as they once were. This has meant that many young people have found it difficult to 'get their foot in the door' and gain much needed work experience. Professor Phil Lewis at the University of Canberra says:

> Employers increasingly want people with skills and experience and that's a challenge for young people … A young person who leaves school in year 10 would be very lucky to find a job these days.



Source 11 The youth unemployment rate in Australia compared with non-youth and overall unemployment rates

Source: Data provided by the ABS



Source 10 Work builds not only a person's self-esteem, but also their bank balance and future. While youth unemployment in Australia is close to 14 per cent, in Spain this figure exceeds 31 per cent. This young Spanish man is writing 'Busco trabajo', which means 'looking for work'.



Source 12 Young Australians who are unemployed may be entitled to government payments through Centrelink.

KEY SKILL
Asking questions & conducting research

Formulating questions about an economic issue

Formulating questions is an important skill that will help you investigate an economic issue on your own. The questions that you generate will frame or direct the research that you then undertake.

Once you have established the economic issue you would like to explore, it is useful to generate one broad, overarching question to guide your inquiry. For example, if the economic issue was 'the problem of youth unemployment', the question posed might be: 'Why is youth unemployment a problem in Australia?'

After that, you need to generate more specific questions that are related to your overall inquiry question, including a mixture of question types.

Follow these steps:

Step 1 Identify the economic issue you wish to explore.

Step 2 Decide on your broad, overarching question.

Step 3 Generate some closed (or simple) questions; for example: 'Are young people more likely to be unemployed than those in higher age brackets?'

Step 4 Generate some open (or probing) questions; for example: 'What are the consequences of youth unemployment?'

Step 5 Generate some questions that relate to the evidence surrounding the issue; for example: 'What evidence is there that confirms youth unemployment is rising?' 'What other sources might be needed?'

Use a table, similar to the one in Source 13, to guide you through the process of formulating questions. Remember to include a mix of the three question types discussed.

For more information on this key skill, refer to page 7 of 'The economics and business toolkit'.

Source 13 Process for formulating questions about an economic issue

1. Devise an overarching inquiry question	
2. Make a list of what you already know about this issue and then formulate sub-questions related to each point:	
Point 1	Sub-questions related to point 1
Point 2	Sub-questions related to point 2
Point 3	Sub-questions related to point 3
3. Make a list of what you do not know about this issue and then formulate sub-questions related to each point:	
Point 4	Sub-questions related to point 4
Point 5	Sub-questions related to point 5
Point 6	Sub-questions related to point 6

Practise the skill

1 Choose one of the following issues about youth unemployment, or propose one yourself:
- the social impact of youth unemployment
- the economic impact of youth unemployment
- solutions to youth unemployment
- problems caused by youth unemployment.

Now that you have chosen an issue, formulate an overarching question and fill in a table, similar to Source 13. **Research** to find out the answers to the questions you have proposed.

Extend your understanding

1 Do you know anyone who has experienced youth unemployment? It could be a friend, sibling or classmate – or even yourself. Ask them about their experiences and write a short description about what problems they (or you!) faced finding work and what the consequences were.

5.4 How Australia's economy compares

In this topic, you will:

» compare Australia's economic performance to other countries.

The performance of an economy is sometimes measured by how well it compares to other economies around the world. Australia ranked thirteenth in the world in terms of GDP in 2019 but it is still a relatively small economy, responsible for around 2 per cent of the world's production. Let us look at how well Australia compares with other countries in terms of achieving low unemployment and inflation rates, and higher economic growth.



Source 2 Australia's long period of uninterrupted economic growth contributed to the boom in high-rise building for offices and apartments, particularly in cities such as Melbourne.

OECD
the Organisation for Economic Co-operation and Development, which consists of 30 member countries that discuss and promote economic and social policy

Key skill worksheet
Analysing sources: Comparing Australia's economy with other countries

Unemployment

Leading up to 2020, the unemployment rate in Australia was generally higher than that of its major trading partners (see Source 1). In 2020, however, Australia's unemployment rate was significantly surpassed by those of the United States and India, which experienced even greater economic difficulties as a result of the COVID-19 pandemic. In 2020 Australia's unemployment rate was still below the **OECD** average, which fluctuated between 7 and 8 per cent.

Source 1 Unemployment rates for Australia and its major trading partners

	2015	2016	2017	2018	2019	2020*
Australia	6.0	5.7	5.6	5.3	5.1	6.9
China	4.1	4.0	3.9	3.8	3.6	3.8
India	5.0	5.5	5.4	5.3	5.3	9.1
Japan	3.4	3.1	2.8	2.4	2.4	3.3
UK	5.4	4.9	4.4	4.1	3.8	5.4
USA	5.3	4.9	4.3	3.9	3.7	8.9

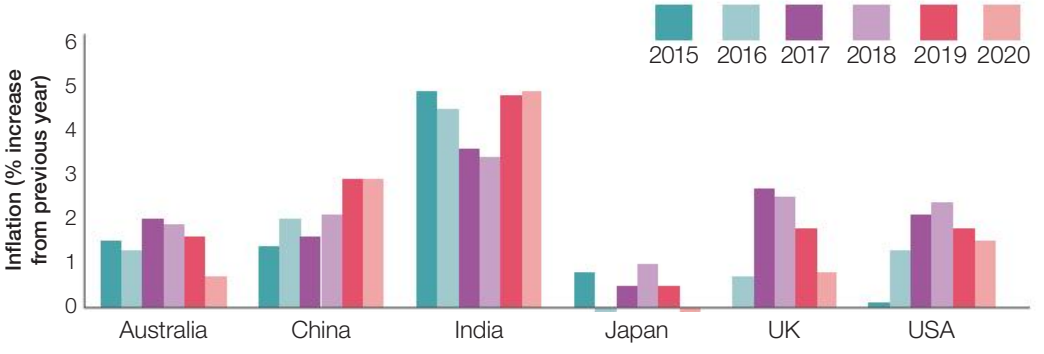
Source: IMF World Economic Outlook Database (October 2020)

*Figures from 2020 are estimates and are subject to change.

Note: These unemployment rates indicate the percentage of the labour force that is unemployed and are seasonally adjusted. This means the data has been corrected to allow for some sort of comparison.

Inflation

Australia and trading partners such as China and the United States have experienced relatively low levels of inflation in recent years. Source 3 shows the inflation rate for selected countries.



Source 3 Inflation rates for selected countries, 2015–20

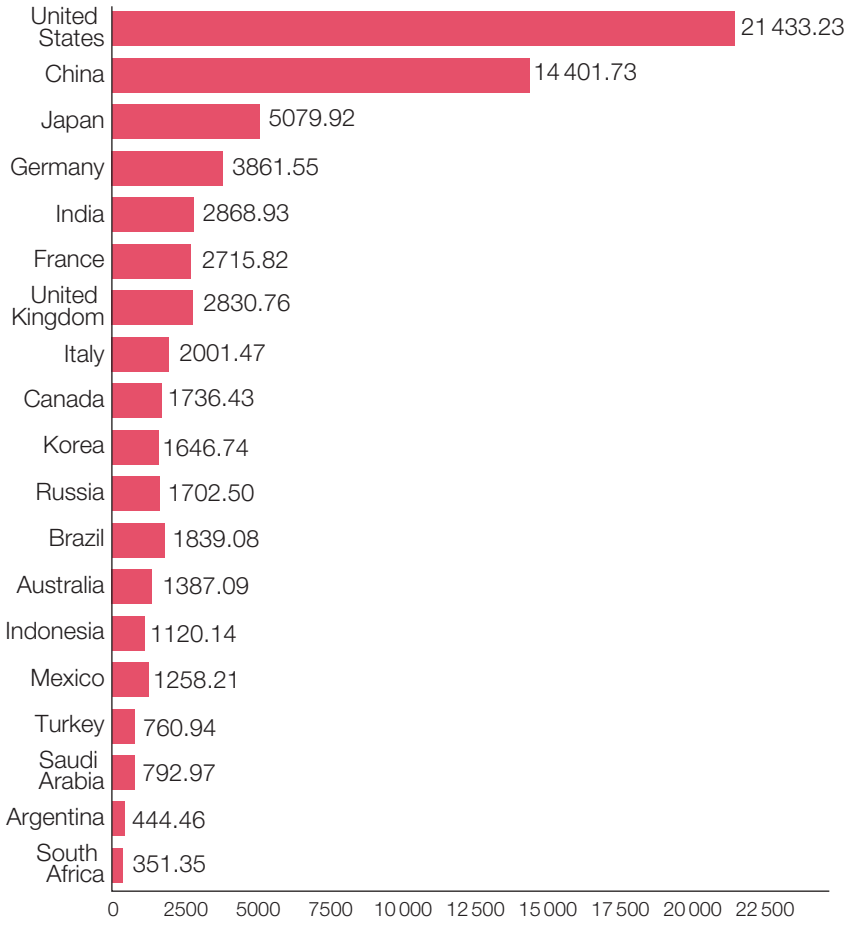
* Figures from 2020 are estimates and are subject to change.

Source: IMF World Economic Outlook Database (October 2020)

GDP

Up until 2020, Australia had experienced uninterrupted economic growth since its last recession in 1991–92. This growth set a record that has not yet been equalled by any other developed nation in the world. During the Global Financial Crisis of 2007–08 (a time when many businesses collapsed and consumer confidence was very low), GDP fell in many developed countries. Australia was one of the few nations that still experienced positive economic growth.

Australia's economy is recovering from the 2020 recession, and it is forecast that it will continue to do so, with its GDP forecast to increase between 3 and 4.5 per cent in 2021.



Source: Data from the IMF *World Economic Outlook* report, October 2020

Source 4 The GDP of G20 nations in 2019; the G20 is a group of nations that are considered important to the global economy due to factors such as their size, impact on trade and regional importance.

5.4 CHECK YOUR LEARNING

Review and understand

1 **Identify** how Australia's GDP compared with other G20 countries in 2019.

Apply and analyse

2 Using Source 1, **compare** Australia's unemployment rate to its major trading partners in 2019.

3 Is Australia a large economy by world standards? **Justify** (give reasons for) your answer.

4 **Analyse** Source 3.

- **a** Which country had the highest rate of inflation from 2015 to 2020, and which had the lowest?
- **b** Which country has come closest to achieving a steady rate of inflation in the 2–3 per cent range that the Reserve Bank of Australia sets as its target?

Evaluate and create

5 **Evaluate** how the performance of the Australian economy in 2019 compared to the performance of other countries. Write a short analysis based on your reading.



Source 5 When prices rise, we can no longer buy as much as we previously did for the same amount of money.

5B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Understanding Australia's economic growth

Australia's strong record in economic growth has largely depended on the fact that it has abundant natural resources. Natural resources include such things as fossil fuels, minerals, forests, farmland and fisheries. The unfortunate side effect of this is that these resources become depleted over time and their extraction can cause environmental damage.



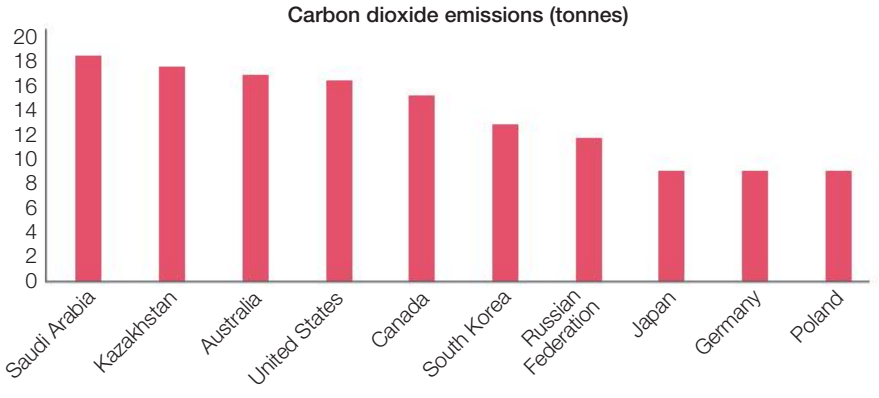
Source 7 Australia has abundant natural resources (including coal), the exports of which have boosted our economy.

The Happy Planet Index (HPI), developed by the New Economics Foundation, attempts to measure factors that are crucial to the progress of societies but are not captured by GDP. These factors include wellbeing, life expectancy, inequality and ecological footprint. According to Nic Marks, creator of the HPI:

> The Happy Planet Index provides a compass to guide nations, and shows that it is possible to live good lives without costing the Earth.

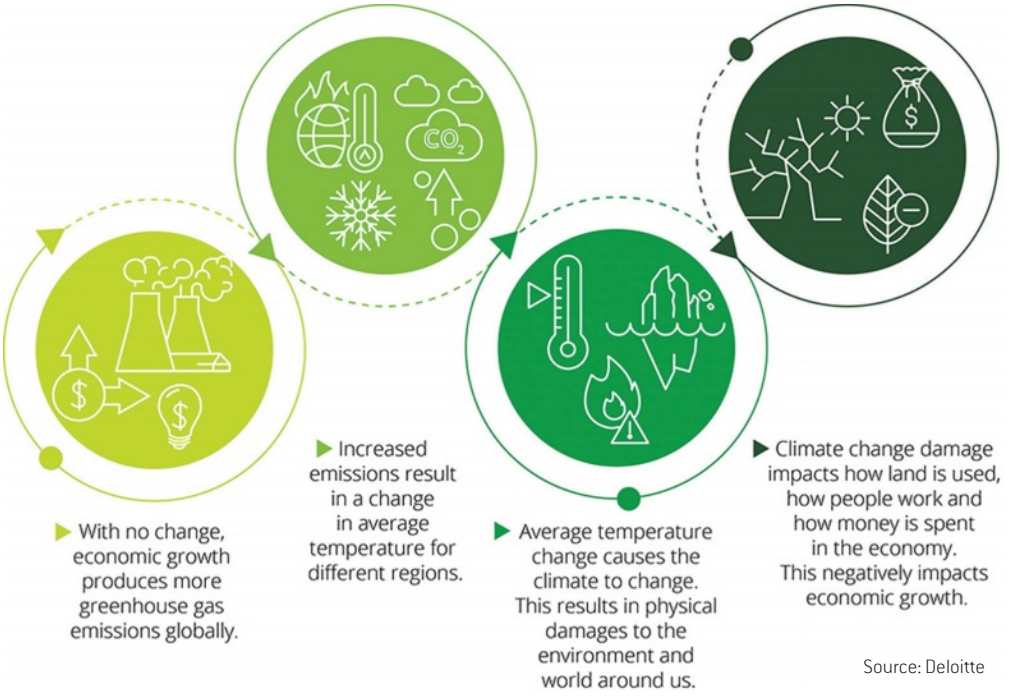
In the most recent HPI, Australia ranked 105th out of 140 nations due to its huge carbon footprint per capita. Bhutan, on the other hand, is the world's only carbon-negative nation. It ranks 56th on the HPI and has adopted Gross National Happiness (GNH) instead of GDP as its primary measure of economic performance.

In recent years, Australia has been criticised for setting what many are calling unambitious targets to reduce greenhouse gas emissions. Greenhouse gases are those that absorb radiation from the sun's rays, trapping heat in the Earth's atmosphere. They include carbon dioxide and methane. Australia is the 16th largest carbon dioxide emitter on the planet, and Australians are the third largest carbon dioxide emitters per capita, as seen in Source 6. The average Australian emits 16.92 metric tonnes of carbon dioxide each year – a huge amount.



Source: Data from the Union of Concerned Scientists

Source 6 Carbon dioxide emissions per capita, 2018



Source 8 Climate change will negatively impact economic growth.

KEY SKILL
Communicating & reflecting

Preparing an infographic

A popular way for economists to present their findings and data is to prepare an infographic. Infographics use pictures and symbols to represent complex ideas and data so that the information is clear and quickly accessible. To prepare an infographic, follow these steps:

Step 1 Decide on a topic and the message that you want to communicate to your audience. In the infographic in Source 8, for example, the key message is that climate change will negatively impact the economy.

Step 2 Research your topic and collect data that helps to communicate your key idea. Try not to have too much data – do not include more than 10 key facts or numbers.

Step 3 Use pictures or graphics to communicate each of your key facts, as shown in Source 8.

Step 4 Lay your pictures of graphics out in a logical way that links together the key ideas. Make sure your infographic is not too cluttered. Give it a title or caption that communicates your message.

For more information on this key skill, refer to page 11 of 'The economics and business toolkit'.

Practise the skill

1 **Create** an infographic that compares the performance of the Australian economy with the performance of another country or countries. Use the statistics on pages 90 to 91 as the basis for your infographic. You may like to do additional research to find more relevant statistics that enhance your infographic.

2 When completed, **compare** your infographic with your classmates' infographics. Which techniques did others use to best present the data in a visual way? How did they make the data easier to interpret?

Extend your understanding

1 **Create** another infographic on the effects of pursuing higher economic growth rates through increased production. Pick one of the following topics and do some initial research about the topic before creating your infographic:

- deforestation
- desertification
- extinction of species
- soil erosion
- oil depletion
- ozone depletion
- greenhouse gas emissions
- water pollution
- natural hazards/ natural disasters.

5 CHAPTER REVIEW

Review questions

5A How is the performance of the Australian economy measured?

1 **Define** 'economic growth'. (1 mark)

2 **Outline** the difference between those who are 'unemployed' and those who are 'not in the labour force', providing examples of each. (2 marks)



Source 9 ABS labour force definitions

3 'A dollar today is worth more than a dollar tomorrow.' **Discuss** what is meant by this statement, referring to two major causes of inflation in your answer. (7 marks)

(Total: 10 marks)

5B How well does the Australian economy perform compared with other economies around the world?

1 **Evaluate** two methods of measuring economic performance and decide if one is more useful than the other. Remember, when you evaluate something you should talk about its strengths and weaknesses. (10 marks)

(Total: 10 marks)



Review activity

Read the following text on how to analyse political and economic cartoons, then answer the questions that follow.

Analysing political and economic cartoons

Have you ever heard the saying 'a picture says a thousand words'? Images can be very powerful, and cartoons in particular have been used to convey messages for centuries. Cartoons have the ability to highlight the absurdity or silliness of something in a way that is both visually appealing and easy to understand for people who are not able or do not want to read a great deal of text about the issue. Cartoons can use unrealistic images to convey messages about real issues.

Analysing political and economic cartoons can be both enjoyable and thought-provoking. It is a skill that, when developed, will make it easier for you to pick up on all of the subtle details in cartoons and help you understand what the artist was trying to say.

Consider the following:

- Cartoons are often featured in print and digital news sources, and can express a point of view or support a piece of text.
- Often, cartoons can take a subversive or scathing tone and use caricature, satire or irony to communicate serious messages.
- Cartoons target emotions in seeking to appeal to the general public, businesses, community leaders, politicians or the government.
- Common techniques used by cartoonists include size (often features in cartoons will be disproportionate, to convey a message), labels, symbols, and angle or perspective.
- Some cartoons – especially political or economic cartoons – rely on the reader having some background knowledge or awareness of the event or topic shown in the cartoon.

Analyse the cartoon depicted in Source 10 and answer the following questions:

1. **Identify** where the cartoon is set. (1 mark)
2. **Identify** what the elephant represents. What can you observe about the elephant in this cartoon? (2 marks)
3. **Describe** how the globe is depicted. (2 marks)
4. **Describe** how the circus master is depicted. (2 marks)
5. **Describe** the relationship between the elephant and the globe, and what this represents in the real world. (4 marks)
6. Describe the role of the circus master and **explain** who you think this represents in the real world. Justify your response. (4 marks)
7. **To what extent** do you agree or disagree with the message of the cartoon? (5 marks)

(Total: 20 marks)



Source 10 *Economic Growth* by cartoonist Adrian Teal

Check your Student obook pro for these digital resources and more:

- Student book questions: Chapter 5
- Key skill worksheet: Communicating & reflecting: Chapter 5
- Quizlet: Play a game of Quizlet on Measuring the performance of Australia's economy.
- Chapter review quiz: Chapter 5

CHAPTER 6

Living standards

Meet Australian twins Oliver and Amelia, born 1 February 2021. According to the latest life expectancy figures for non-Indigenous Australians, Oliver will live until he is 80.90 years of age and Amelia will live until she is 85.0 years of age. Statistics show that they are likely to enjoy high living standards. They are unlikely to experience extreme poverty.

Despite these statistics, Oliver and Amelia's prosperity isn't guaranteed. Will the economy stay strong and offer them good job opportunities throughout their lives? Will their quality of life be affected by climate change?

Nothing is certain with regard to the economy, but the government must manage economic factors to ensure we continue to enjoy high living standards as a nation.



» **Source 1** Newborn twins Oliver and Amelia are Australians. Based on current statistics, they are likely to enjoy high living standards compared to babies born in many other countries around the world.



6A

Why do living standards vary around the world?

6B

What is the connection between economic performance and living standards?

6.1

Living standards

In this topic, you will:

» explore the term 'living standards' and how living standards can be measured.



Source 1 Physical possessions such as cars and houses contribute to our material living standards.

A standard is a certain level of attainment or achievement. For example, you either pass Year 10 or you don't. When we talk about a country's **living standards**, we are specifically looking at what it is like to live in that country in terms of the material and non-material **wellbeing** of its citizens.

Material living standards

Material living standards refer to our access to physical goods and services. The car we drive, the house we live in and the food we eat are all examples of physical possessions that contribute to our material living standards. The material living standards of a nation are usually assessed or measured by the quantity of goods and services available each year as measured by **Gross Domestic Product (GDP)** (see topic 5.1 on page 82).

Many would agree that if the citizens of a country have access to more goods and services to satisfy their needs and wants, life is generally better. The production of goods and services provides citizens with employment, and therefore an income with which to buy those goods and services that improve their lives.

Non-material living standards

Non-material living standards must also be considered when assessing the quality of life. Non-material living standards cannot be measured in dollar terms, and are intangible (cannot be touched), but affect our enjoyment of life.

The following factors affect our non-material living standards:

- *freedom of speech* – such as being able to peacefully protest against the government of the day
- *free elections* – that provide the right to choose and dismiss parliamentary representatives
- *low levels of crime and discrimination* – where citizens can live without fear of constant crime or being treated differently because of factors such as race, disability or age
- *preservation of the environment* – allowing citizens to enjoy nature, breathe clean air and drink clean water
- *adequate leisure time* – so that employees have adequate rest periods away from work and time to spend with family.

While non-material living standards are not as easily measured as material living standards, some indicators do attempt to include non-material living standards to assess overall wellbeing. One example is the **OECD** Better Life Index.

The OECD Better Life Index

GDP is an indicator of economic wellbeing that does not take into consideration the environmental costs of producing goods and services. The OECD Better Life Index, on the other

living standards
the level of wealth, material goods, comfort and life necessities available to people living in a geographical area

wellbeing
the ability of human beings to access the things they need in order to live happy and healthy lives

material living standards
standards that can be easily measured in terms of income per person, or consumption or purchase of goods and services

Gross Domestic Product (GDP)
the total monetary value of all the goods and services produced by a country over a specific time period

non-material living standards
standards that are not easily measured as they are intangible and refer to aspects of our lives such as feeling safe in the community

OECD
the Organisation for Economic Co-operation and Development, which consists of 30 member countries formed to discuss and promote economic and social policy

Weblink
OECD Better Life Index

hand, seeks to provide a more holistic picture of the true living standards of 40 different countries. It measures wellbeing based on 11 criteria relating to material living conditions and quality of life. Source 2 provides a snapshot of five of these criteria with regard to Australia and Chile.

Source 2 The OECD Better Life Index: Wellbeing in Chile and Australia

Wellbeing indicator	OECD average	What are living standards like in Chile?	What are living standards like in Australia?
Jobs: Percentage of people aged 15–64 who have a paid job	68 per cent	Over 63 per cent	Over 73 per cent
Income: Average household income per capita	US$33 604 per annum	US$19 778.28 per annum	US$32 759 per annum
Education: Average student score in reading literacy, maths and science in the OECD's Programme for International Student Assessment (PISA)	486	443	502
Health: Life expectancy at birth	80 years	80 years	83 years
Environment: *Level of atmospheric PM10* (air pollutants that can cause damage to the lungs)	13.9 micrograms per cubic metre	16.0 micrograms per cubic metre	5.2 micrograms per cubic metre
Water quality: Percentage of people who say they are satisfied with the water quality	81 per cent	71 per cent	93 per cent

Source: OECD Better Life Index, 2019

6.1 CHECK YOUR LEARNING

Review and understand

1 **Define** the term 'living standards'.

2 **Identify** three examples of non-material living standards.

Apply and analyse

3 **Examine** Source 2.

- a Based on the criteria presented, **identify** the country with the highest living standards.
- b Does Australia compare well in all criteria compared to the OECD average? Use evidence to support your response.

4 **Classify** each of the following living standard criteria from 1 to 5, according to its importance to you. If you do not consider a criterion to be important when assessing living standards, rate it as 1. If you consider it to be extremely important, rate it as 5.

- a Primary and secondary school education is available.
- b The air is clean.
- c You can drink the water because it is clean.
- d You have the right to vote.
- e You are expected to live a long life.
- f You are happy.
- g You feel safe in your community.
- h You have enough leisure time.
- i You are likely to get a job.
- j You can earn a decent income.
- k You have enough to eat.
- l You have shelter.

5 **Compare** your ratings in question 4 with those of a classmate, and explain why assessment of living standards can be subjective.

6 Consider a country that is relatively wealthy, producing an abundance of goods and services, but where the majority of the population is close to poverty and only a minority are wealthy. Would you consider the living standards in that country to be high or low? **Justify** (give reasons for) your answer.

Evaluate and create

7 **Create** a similar table to Source 2, but choose another country with which to compare Australia's living standards. Use the OECD Better Life Index website to conduct your research (a weblink has been provided on your obook pro).

6.2 Variations in living standards between countries

In this topic, you will:

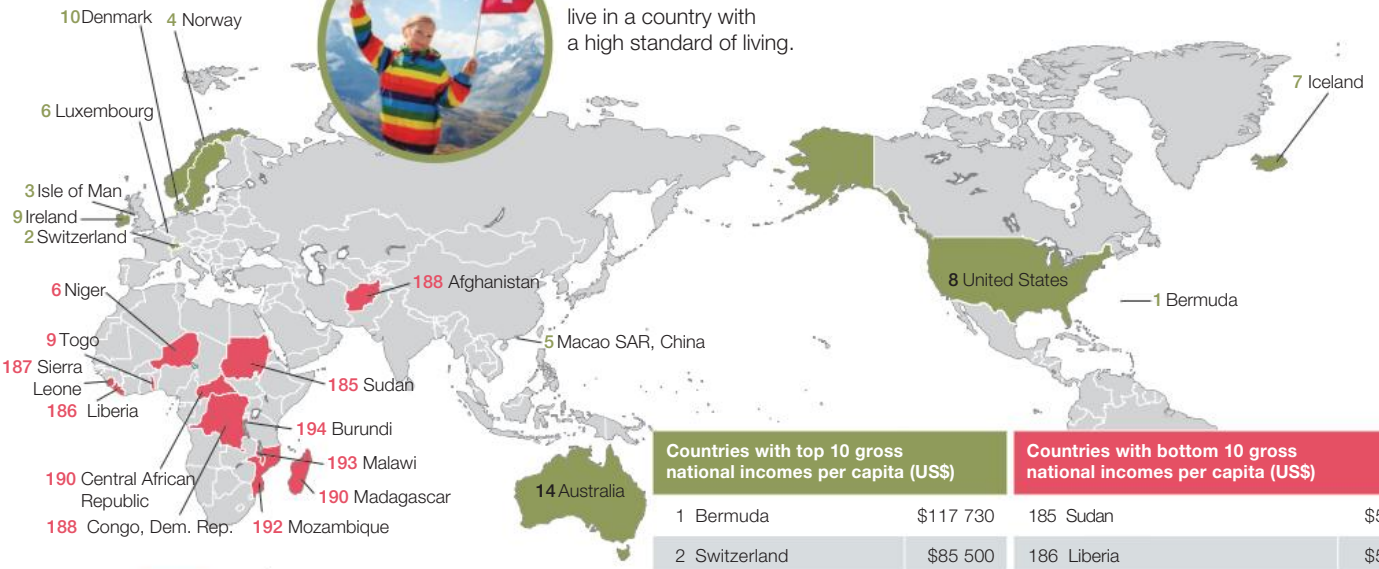
» explore the factors leading to different living standards between countries.

If you had a choice, what country would you most like to live in? Many might choose Australia, because our living standards are high by world standards.

The income that citizens earn on average is an important indicator of living standards, as it means that consumers can buy basic goods and services such as food, shelter and clothing, but also afford additional goods and services that make life easier. These additional goods – such as cars, refrigerators, washing machines and computer equipment – provide an additional level of convenience and enjoyment.



Children in Switzerland live in a country with a high standard of living.





Children in Sudan live in a country with a low standard of living.

Countries with top 10 gross national incomes per capita (US$)		Countries with bottom 10 gross national incomes per capita (US$)	
1 Bermuda	$117 730	185 Sudan	$590
2 Switzerland	$85 500	186 Liberia	$580
3 Isle of Man	$83 160	187 Sierra Leone	$540
4 Norway	$82 500	188 Afghanistan	$530
5 Macao SAR, China	$78 640	188 Democratic Republic of the Congo	$530
6 Luxembourg	$73 910	190 Central African Republic	$520
7 Iceland	$72 850	190 Madagascar	$520
8 United States	$65 850	192 Mozambique	$490
9 Ireland	$64 000	193 Malawi	$380
10 Denmark	$63 950	194 Burundi	$280
14 Australia	$55 100		

Source: Gross national income per capita (per person) in US dollars, 2019 (Atlas Method) (Data derived from the World Bank)

Source 3 Why are there such huge variations in living standards between countries?

Quiz me!
A quick quiz on variations in living standards

Why living standards vary between countries

The **economist** Adam Smith (1723–90) spent a lot of time pondering why some countries were rich while others were poor. In the end, he concluded that the economies of countries that gave people the freedom to work and benefit directly from their labour were more likely to be wealthy. He thought the motivation of each citizen to generate profit would create prosperity for the population as a whole. As a result, Smith recommended that the governments of all countries should only play limited roles in the **economy**.

Other economists believe that factors such as a nation's **natural resources** have a bearing on living standards and the wealth that can be created. Australia has large supplies of natural resources – such as coal, iron, copper, gold, natural gas, uranium and renewable energy sources – that have allowed us to trade with other nations, earn income and improve our living standards.

The stability of government is another factor that is cited as having an impact on living standards. In countries where there is political instability and civil war, the focus on producing more goods and services for the population becomes secondary, making it difficult for a nation to raise its living standards.

Many believe the main reason some countries enjoy better living standards is **labour productivity**. Labour productivity can be increased by providing workers with machines that can help them produce better quality goods and services faster. Improving the skill of the labour force through education and training can also improve labour productivity.

How a country utilises its labour resources also impacts upon living standards. The proportion of those in the labour force who are employed rather than unemployed is important. An increase in employment means a country is better off, as it is using one of its most important resources – people. Employment provides people with a means to earn an income, and income tax paid to the government allows it to improve infrastructure such as roads, ports, water and power, which in turn allows companies to operate more efficiently.

economist
an individual who studies the relationship between the resources that a geographic area (such as a country) has and what it is able to produce

economy
a system that involves the production, distribution, trade and consumption of goods and services by individuals, businesses, organisations or governments

natural resources
materials or substances from nature, such as water, forests and fertile land, that can be used in the production of goods and services

labour productivity
the amount of goods or services that a worker produces in a given amount of time

6.2 CHECK YOUR LEARNING

Review and understand

1 **Explain** how Australia's natural resources have improved its living standards.
2 **Outline** how political instability such as a civil war might affect a country's ability to raise the living standards.
3 **Summarise** how earning a higher income leads to better material living standards.

Apply and analyse

4 Imagine your class is told to make as many paper planes as they can in a single lesson.
   a **Suggest** what might happen to the level of production of planes in the classroom if each student was paid for each plane.
   b What does this tell you about the link between productivity (level of production) and payment?

Evaluate and create

5 Decide which of the following factors might lead to increased labour productivity, and then **discuss** why that would be the case.
   a Staff are not given a wage rise.
   b Staff are trained to give better customer service.
   c A library uses 'robocall' to remind borrowers that books are overdue.
   d A business refuses to adopt new technology.
   e A high proportion of a country's population now completes Year 12.
   f Staff are given regular performance reviews.
6 Choose one of countries with the lowest national income per capita (see Source 3) to research. **Investigate** the possible causes for the country's low comparative material living standards and the effects of having such poor standards.

6A

RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Poverty in Australia

Many of us think of poverty in terms of not having basic human necessities such as enough food, water, shelter and clothing. This type of poverty – called 'absolute' or 'extreme' poverty – is often found in developing countries, such as Malawi.

In Australia, we tend to think of poverty in terms of people who do not have the amount of income they need to sustain the average living standards that we expect. This is called 'relative' poverty.

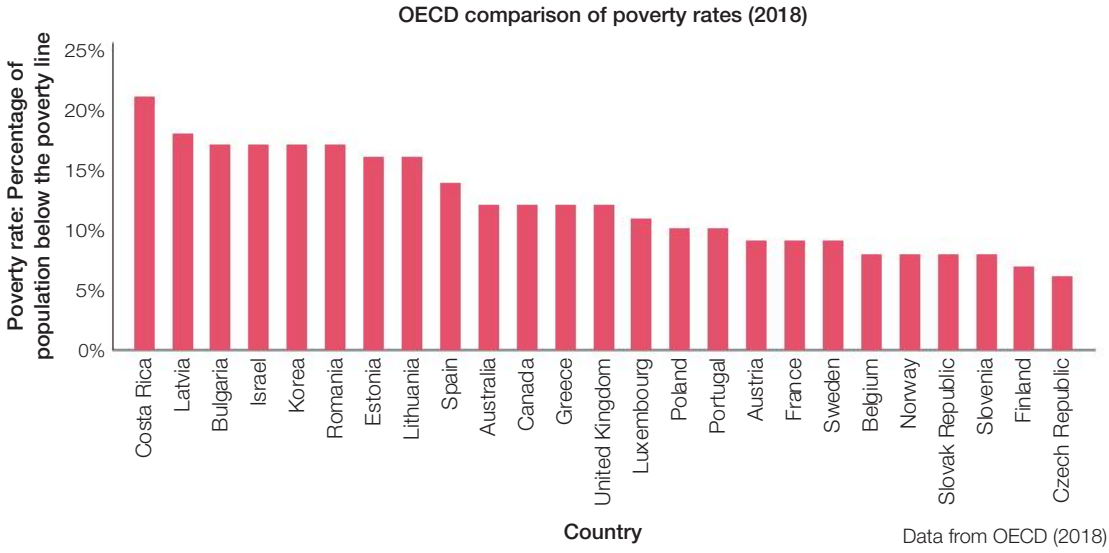
There are many ways of measuring relative poverty, such as setting a 'poverty line', where anyone who falls below a certain amount of income is considered to be in poverty. According to the OECD's method of measuring relative poverty, 12 per cent of Australians live on an income that is less than half the median (middle) household income in Australia, and are therefore said to live in relative poverty.

Some of the general reasons why some Australians fall below the poverty line include:

- lack of paid employment
- low levels of income; for example, those relying on social security payments as their main form of income experience higher rates of poverty
- low levels of education, which ultimately affect people's ability to gain employment and earn money
- difficulty finding affordable and suitable housing
- a person's family and health situation – families with sole parents often struggle economically, as do those suffering physical and mental illness
- lack of access to affordable community services to assist the economically disadvantaged.



Source 4 According to Australian Bureau of Statistics (ABS) data in 2016, more than 116 000 people were experiencing homelessness in Australia. The causes of homelessness are complex and varied. They include, but are not limited to, poverty, domestic violence and difficulty in securing housing.



Source 5 Out of 25 developed nations, Australia had the 10th highest poverty rate in 2018.

KEY SKILL
Reasoning & decision making

Identifying causes and effects in economics

A cause is the reason an event, problem or success occurred – the 'why'. An effect is what actually happened as a result of the cause. We learn about cause and effect from an early age. If we touch something that is too hot (the cause) we might burn ourselves (the effect). In simple terms, cause and effect is identifying why 'this leads to that'. Identifying causes can help us take steps to make changes so that effects or outcomes are more suitable.

It may be difficult to make a distinction between cause and effect. Here are some simple steps to help you:

Step 1 To help identify the effect, ask yourself *what* event, problem or success has occurred.

Step 2 Note who or what has been affected as a result of what has taken place. There may be several effects. Words associated with 'effect' include 'situation', 'ramification', 'outcome', 'result' and 'consequence'.

Step 3 To help identify the cause, ask *why* the event, problem or success occurred. Look for reasons that provide a good explanation.

Step 4 Remember, there can be several causes, so it may be useful to prioritise what the major and minor causes are. Words associated with 'cause' include 'reasons for', 'due to', 'since' and 'because'.

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.

Practise the skill

1 Read the information in this rich task about poverty in Australia. Use the above steps to help you **identify** the causes of poverty, and then **describe** the effects of poverty.

When describing the effects of poverty, you will need to think more broadly than the information provided here. Think about the human or social cost of living below the poverty line, and also the economic impact of having such a disadvantaged section of the community.

Extend your understanding

1 Gain a better understanding of what it is like to live in extreme poverty. Log onto your obook pro and access the *Live Below the Line* website. Try living on $2 a day for five days. **Describe** what you ate and what the experience has taught you.

Weblink
Live Below the Line

6.3 Improving living standards

In this topic, you will:

- outline the different kinds of budgets the Australian Government may use
- explore different types of economic policies.

Improving living standards is a key economic goal of many countries. This is mainly because higher living standards lead to a stronger and more prosperous nation – and a stronger and more prosperous nation in turn maintains higher living standards. When the citizens of a country are employed and earning an income, more goods and services can be purchased. **Government revenue** from taxes paid by workers (on the money they earn and the products they buy) can then be used for services such as education and health care. These government services benefit us all.

The government of any country is constantly making economic policy decisions; that is, outlining actions that need to be taken in order to manage different aspects of the economy. Let us first look at macroeconomic policy.

government revenue income a government receives predominantly from taxes, but also from non-tax sources such as loans and dividends from government-owned businesses

Macroeconomic policy

Macroeconomic policy is economic policy that affects the whole of the nation, such as budgetary policy and monetary policy. It targets changes that affect the entire economy, such as unemployment, economic growth and inflation.

Budgetary policy

You or your family may use a budget to track revenue and **expenditure**. The Australian Government has the role of managing the budget for the whole of Australia and therefore sets budgetary policy, also referred to as **fiscal policy**. Each year the government delivers or hands down the federal budget (usually in the month of May), which provides a plan of the government's revenue and spending. Source 2 outlines the revenue that the government receives and the areas in which it spends this revenue.

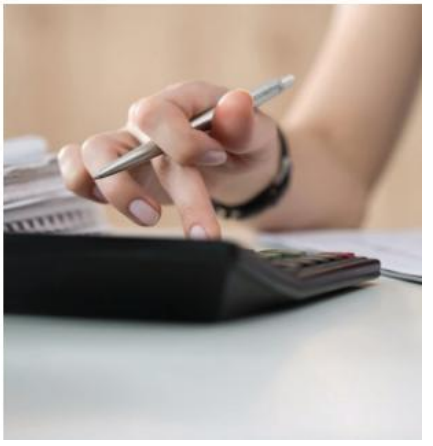
expenditure the amount of money spent by a person, business or government

fiscal policy the government's management of the federal budget – adjusting expenditure and tax rates to influence the performance of the economy

The federal budget affects the living standards of all Australians. If taxes increase or spending on services and welfare changes, this can affect each person's personal budget.

There are three different budgets the government may hand down depending on the economic circumstances:

- *balanced budget*, where government spending is equal to the revenue it has received
- *deficit budget*, where government spending is greater than the revenue it has received
- *surplus budget*, where the government has received more revenue than it has spent.



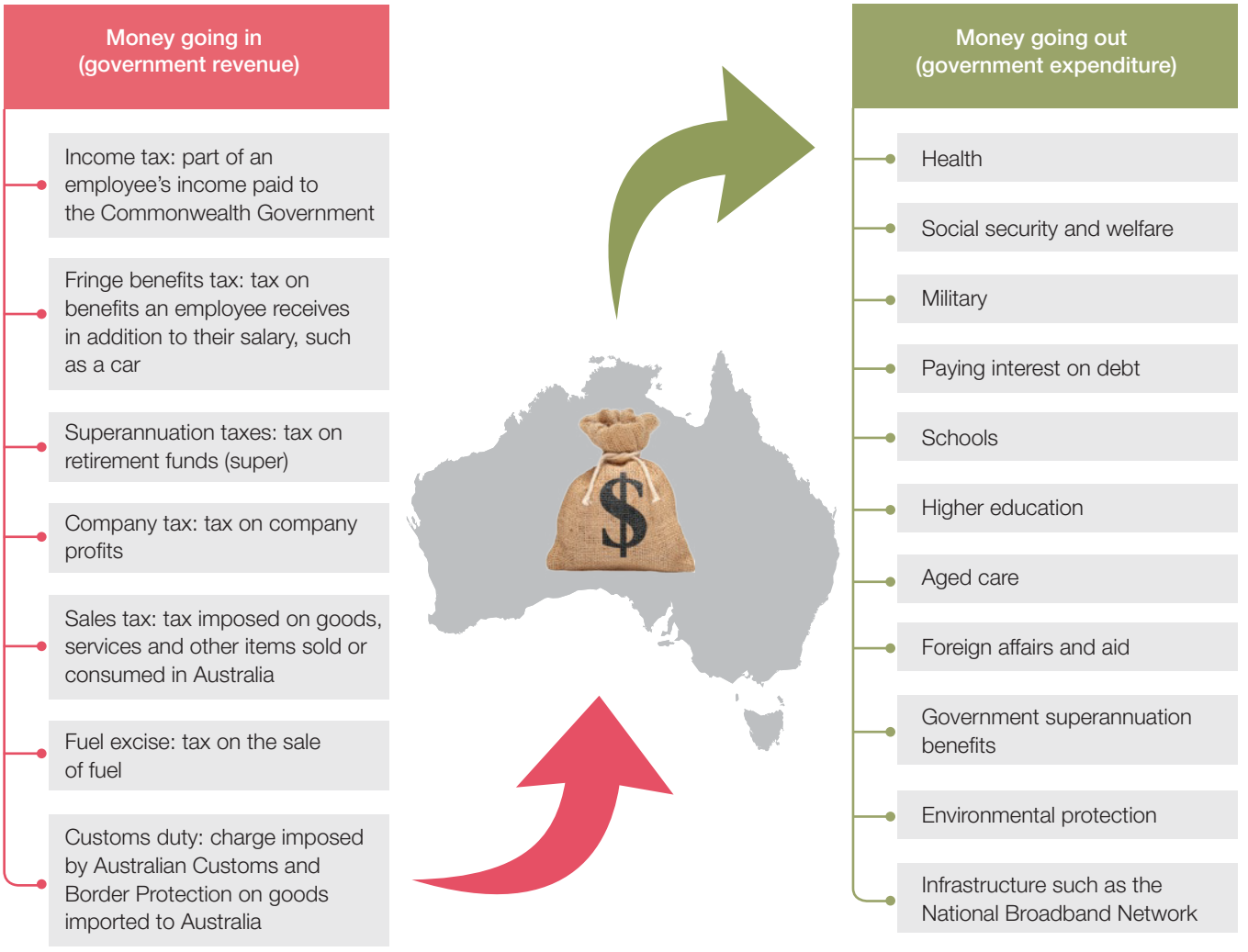
Source 1 The federal budget can affect your personal household budget, depending on the government's revenue and spending plans.

The type of budget chosen depends on the economic conditions being experienced. When a deficit budget is used, more money is being 'pumped in' to the economy than is being taken out. This tends to increase consumer and business spending, and therefore the production of goods and services. This in turn can lead to increased employment, as companies need more labour to produce more goods and services. Greater demand may, however, lead to **inflation**, as stronger demand may lead to shortages

Key skill worksheet
Communicating & reflecting: Improving living standards

inflation an increase in the general level of prices paid for goods and services over a certain period of time

recession when economic growth falls for two or more quarters in a row



Source 2 The federal budget is like any other budget. It itemises money coming in (revenue) and money going out (expenditure).

of goods and services. This causes prices to rise. At the time of the Global Financial Crisis of 2007–08, and similarly during the financial downturn caused by COVID-19 in 2020–21, many governments around the world (including our own) tried to 'kick start' their economies by spending more than they received in revenue in the hope of reversing the economic downturn.

When a surplus budget is used, more money is being 'pumped out' of the economy. This tends to decrease consumer and business demand, and can restrict production and employment, while inflation is unlikely to rise substantially. Since 2008, Australian federal budgets have been in deficit. Despite concerns about a growing government debt and the desire for the country to live within its means, the 2020 **recession** due to the COVID-19 pandemic saw the Australian Government commit to a record $214 billion deficit (forecast 11 per cent of GDP). The government has understandably chosen to prioritise stimulating the economy towards a recovery over the long-term concern surrounding increasing government debt. Net debt is forecast to peak at $966 billion – the equivalent of 44 per cent of GDP – in 2024.



Source 3 Deficit budgets tend to be more popular with voters; but they add to the federal debt, which falls on future governments to repay with interest.

CASE STUDY

Should the government support small business?

Around 97 per cent of all businesses in Australia are small businesses. The ABS defines a small business as one that has fewer than 20 employees. Small businesses are important to the overall health of the economy, employing over 5.6 million Australians. We probably all know someone who runs a small business. Recent budget measures are good news for small business owners, who have been offered tax cuts and a promise to reduce unnecessary administration (often referred to as 'red tape').

Small businesses have also been offered government incentives to take on unemployed job seekers. An example of this is the JobMaker Hiring Credit, which pays businesses to take on unemployed workers aged 16–35 from the JobSeeker program. It is hoped that this will stimulate the economy by creating jobs and reducing the labour costs of businesses.



Source 4 Small businesses are expected to play an important role in Australia's economic recovery.

Think, pair, share

- Think about the kind of support that governments give small business. What other kinds of support could be offered?
- Discuss your ideas with a partner.
- Share your thoughts with the class.

Monetary policy

The Reserve Bank of Australia (RBA) provides banking services to the government and other banks in Australia. It also implements **monetary policy**. The main focus of monetary policy by the RBA is changing the official **interest rate**, which ultimately changes the rate of interest paid on a bank loan. Interest is the cost of borrowing money, or the return on lending money.

monetary policy actions by the Reserve Bank of Australia that affect the money supply and interest rates

interest rate the amount a borrower must pay to a lender for the use of assets such as money – usually expressed as a percentage of the total amount borrowed

Changes in interest rates affect living standards. If interest rates rise, then demand for goods and services may be curbed, as consumers and businesses who have borrowed devote more of their money to paying higher interest rates on their loans, rather than spending. Some may defer borrowing entirely because of higher interest rates. The opposite occurs when interest rates fall. The RBA uses interest rates as a 'lever' to adjust the level of spending, or demand, depending on the economic circumstances.



Source 5 Low interest rates encourage people to borrow and spend their money rather than save. This boosts the economy, but also drives inflation.

Higher demand or spending in the economy may lead to inflation, which may prompt the RBA to increase interest rates to curb spending and reduce inflation. This reduced spending in the economy may reduce inflation, but possibly lead to higher unemployment.

Microeconomic policy

Microeconomic policy affects a particular company (such as Qantas), an industry (such as the car industry) or a market (such as the export market). It often focuses on promoting competition, productivity and efficiency. The following are examples of some government microeconomic policies.



Quiz me!
A quick quiz on improving living standards

Trade liberalisation

Trade liberalisation involves opening up markets for free trade so that countries can trade without restrictions. Trade restrictions include **tariffs**, **subsidies** and **import quotas**.

It is thought that the removal of these trade restrictions will promote efficiency, as Australian producers must find ways to compete on the world market by cutting costs and becoming more innovative. There will be some producers, however, that will not survive.

In 2020, trade liberalisation came under criticism when China imposed high tariffs on some imports from Australia, including barley and wine.

Deregulation

Deregulation is the removal or elimination of government regulation (rules) in a certain area of the economy to promote better competition in that area. For example, wool growers were once guaranteed a minimum price for their wool by the government, but this policy was abandoned over 20 years ago. Another example is the deregulation of the telecommunications industry, which saw Optus, Vodafone, AAPT and other small providers enter the market in the 1990s, resulting in price decreases and growth in mobile phone and internet markets.

Labour market reform

Labour market reform has seen a movement away from government institutions determining wages and working conditions, to a system of enterprise agreements. These are agreements made directly between employers and employees about wages and working conditions. By negotiating such agreements, the employer may gain improvements in work efficiency and the employee might gain better benefits and more flexibility.

trade liberalisation
removing or reducing restrictions or barriers to trade between nations

tariffs
taxes (usually applied to goods being imported or exported)

subsidies
payments by the government or a public body to a producer or industry to support its business and to keep the price of its goods or services low or competitive

import quotas
physical limits placed on the quantity of an imported good that can enter a country

labour market reform
changes in laws and government policies in relation to employment; such reforms aim to increase competitiveness and economic growth while safeguarding against the unfair treatment of workers

6.3 CHECK YOUR LEARNING

Review and understand

1. **Outline** the difference between a surplus budget and a deficit budget.
2. **Describe** why small businesses are important for the Australian economy.
3. **Identify** the type of budget that would be appropriate if a severe economic downturn is predicted, spending has slumped and growth in the economy has declined.
4. **Explain** what trade liberalisation is and how it may be beneficial to Australians.

Apply and analyse

5. **Determine** (decide) if the RBA is likely to increase or decrease official interest rates in the following situation:

   Economic growth is negative. The unemployment rate continues to increase, while inflation remains low.

6. Inequality occurs when resources are unevenly distributed among people. **Suggest** one reason why returning the budget to a surplus may cause some groups in society to suffer in the long term.
7. Reflect on why the government wants to encourage small business in Australia. What effect might this have on the economy? **Justify** (give reasons for) your answer.

Evaluate and create

8. Examine Source 3. In pairs, **discuss** the point the cartoonist is trying to make about the effects of budget deficits.
9. Research areas where expenditure in the latest federal budget has been increased. **Create** a cartoon or word cloud that illustrates the effects these increases in government spending may have.

6B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Living standards and climate change



'Climate change' refers a change in global or regional climate patterns. The long-term climate trend shows that the world's atmosphere and oceans are getting warmer. This is called 'global warming'. Australia's average air and ocean temperatures are almost a degree warmer than they were in 1910, and most of this increase has occurred since 1950.

The effects of global warming

Greenhouse gas emissions have serious consequences. Greenhouse gases are those that absorb radiation from the sun's rays, trapping heat in the Earth's atmosphere. They include carbon dioxide and methane.

The projected effects of the change in climatic conditions for Australia include an increase in the number of 'extreme fire weather' days in southern and eastern Australia, more severe cyclones, and more hot days and drought in southern Australia. Those people living amid cyclones, fires and drought will find their living standards change. Future generations may not be able to enjoy our environmental assets, such as the Great Barrier Reef. It is also believed that climate change will affect our agricultural productivity and increase the costs associated with bushfires and floods.

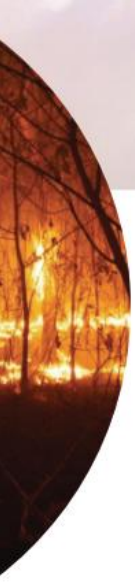
Environmental policy

Governments can take action to reduce carbon dioxide and other greenhouse gas emissions. There are two methods of cutting greenhouse gas emission that involve businesses paying for the emissions they make. It is thought that if businesses have to pay for their emissions, they will eventually move to more environmentally friendly production methods.

1. An Emissions Trading Scheme (ETS) involves the government setting a limit on how much carbon dioxide can be produced by businesses. Some businesses will emit carbon dioxide below this limit, and will therefore have 'credits' they can trade with companies that have emitted carbon dioxide above the set limit.
2. A carbon tax was introduced by the Labor government in 2012 and axed by the Coalition government in 2014. It involved forcing polluting companies emitting over 25 000 tonnes of carbon dioxide to purchase emission permits from the Australian Government. The companies would have to purchase permits set at $23 per tonne of carbon, with a 2.5 per cent increase each year until the transition to an ETS.

Policy in relation to how businesses pay for the pollution they cause, however, has been controversial. Whatever scheme is used, an extra cost pressure will be placed on businesses – which may result in job losses and the possibility of businesses passing the extra costs on to the consumer by raising prices. The carbon tax was axed as it was thought to create an unnecessary burden on the cost of living for all Australians.

Source 6 Carbon dioxide is released into the atmosphere. The ETS and carbon tax are two ways of making businesses pay for the emissions they make.



Source 7 The increased severity and frequency of bushfires is one of many consequences of a failure to address climate change.

A global agreement on emissions – referred to as the 'Paris Agreement' – was reached in December 2015 at the twenty-first United Nations Climate Change Conference (known as 'COP 21'), with nearly 200 countries agreeing to take action. The Australian Government pledged to reduce greenhouse gas emissions to be between 26 and 28 per cent below 2005 levels by 2030.

The world's leaders gathered again in 2019 at 'COP 25' in Madrid. There, Australia received bad publicity for its perceived inaction on climate change. The Morrison government was criticised for planning to use an accounting loophole to meet Australia's emissions target. According to the Lowy Institute, in 2019 six in ten Australians (61 per cent) considered global warming to be 'a serious and pressing problem' about which 'we should begin taking steps now even if this involves significant costs'.

Practise the skill

1 Prepare and deliver an oral report on an aspect of climate change and living standards. Your report must be supported by visual material, and you must respond to questions asked by the audience. Here are some possible topics to choose:
   - Australia's greenhouse gas emissions compared to those of other countries
   - why climate change will lead to lower living standards
   - the Paris Agreement 2015 and what it seeks to achieve
   - Australia's position at COP 25 in Madrid, 2019
   - how an ETS and a carbon tax work to reduce greenhouse gas emissions.

Extend your understanding

Research the 17 Sustainable Development Goals (SDGs). A weblink is available on your obook pro to help you get started.

1 **List** three goals towards which significant progress has been made and three that are far from reaching their target.

2 Which regions of the world seem least likely to achieve the SDGs? Which seem most likely? Why do you think these differences exist between world regions?

Weblink
Sustainable Development Goals

KEY SKILL
Communicating & reflecting

Presenting an oral report

Presenting an oral report is an important skill to master. Follow these steps to help you:

Step 1 Decide on a topic that will interest both you and your audience – what would you like them to understand by listening to your presentation?

Step 2 Research your topic. You could start with a question that you then seek to answer through your presentation. Collect information from a wide variety of sources and keep a bibliography.

Step 3 Organise your findings into a draft outline of your report. It should have a clear introduction and conclusion. In your introduction, it is often a good idea to use something to 'hook' your audience. It may be your overarching question, a personal story or a challenging image. After your introduction, develop your report in a series of clearly defined sections (like paragraphs in a written report). Your conclusion usually summarises your key points. If your report is going to be assessed, make sure you have fulfilled the criteria for assessment.

Step 4 Support your verbal report with your visual – and possible audio – material.

Step 5 Practise your presentation. Avoid holding a single piece of paper if you are prone to nerves – memory cards are sturdier and won't tremble. If you are worried about being nervous, practice will help.

Step 6 Deliver your presentation. Make sure that you speak clearly and vary your pitch and tone. Stand up straight, keep your hands out of your pockets and don't lean on a desk.

Step 7 Invite your audience to ask questions. If you are unsure of an answer, don't make something up; just answer as best you can.

For more information on this key skill, refer to page 11 of 'The economics and business toolkit'.

6

CHAPTER REVIEW



Review questions

6A Why do living standards vary around the world?

1 **Describe** material and non-material living standards, providing an example of each. (4 marks)

2 **Explain** two ways in which poverty reduces living standards in Australia. (6 marks)

(Total: 10 marks)

6B What is the connection between economic performance and living standards?

1 **Summarise** what 'budgetary policy' is. (2 marks)

2 **Define** 'microeconomic policy' and outline what it aims to achieve. (3 marks)

3 'There are winners and losers of trade liberalisation.' **Explain** what trade liberalisation is, and **describe** why some benefit from it while others lose out. (5 marks)

(Total: 10 marks)



Source 8 Education is an important sector of the Australian economy. Students come to Melbourne from all over Australia and the world to study at its universities and to use facilities such as the State Library of Victoria.

Review activity

2019–20 federal budget analysis

Analyse the pie chart in Source 9, which shows how the Australian Government allocated funds in the 2019–20 budget, and answer the questions below.

1 In your own words, **describe** the information being displayed by the chart. (2 marks)

2 **Identify** which category received the greatest government outlay in the 2019–20 federal budget. (1 mark)

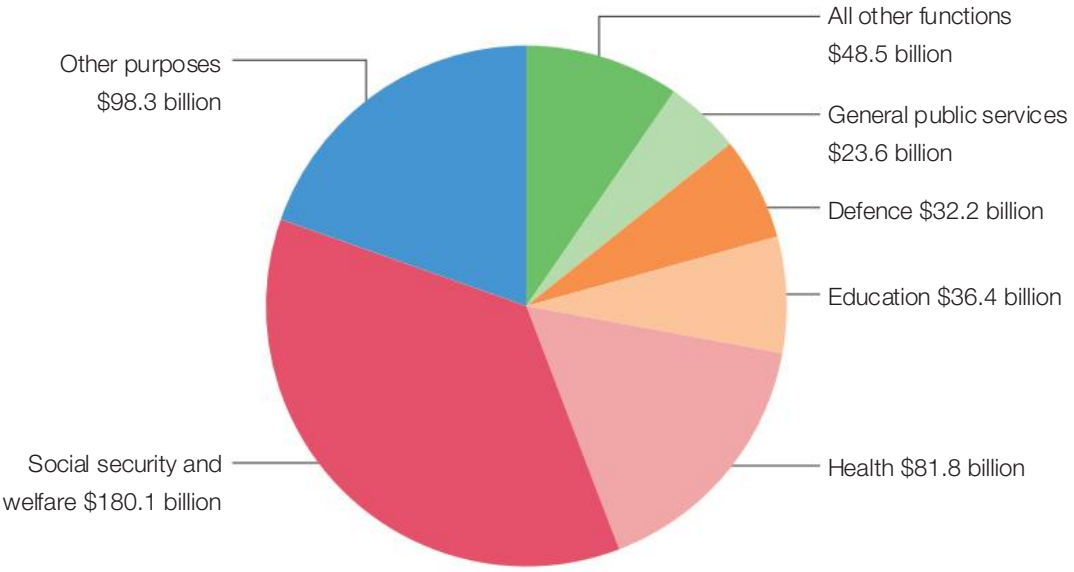
3 **Identify** which category received the smallest government outlay in the 2019–20 federal budget. (1 mark)

4 **Outline** the importance of the following categories of expenditure in improving Australia's living standards:
   - **a** social security and welfare (2 marks)
   - **b** health (2 marks)
   - **c** education. (2 marks)

5 Using a calculator and the figures shown in Source 9, **calculate** the percentage of government expenditure allocated to each category. (To do this, divide the spending in each category by the sum of all the categories combined; then multiply by 100.) (4 marks)

6 Identify a category that you feel was underfunded in the 2019–20 federal budget. **Justify** (give reasons for) your choice, explaining how increased funding in this area could be used to improve living standards. (6 marks)

(Total: 20 marks)



Source 9 Government expenditure

Check your Student obook pro for these digital resources and more:

- Student book questions — Chapter 6
- Key skill worksheet — Communicating & reflecting: Chapter 6
- Quizlet — Play a game of Quizlet on Living standards.
- Chapter review quiz — Chapter 6

CHAPTER 7

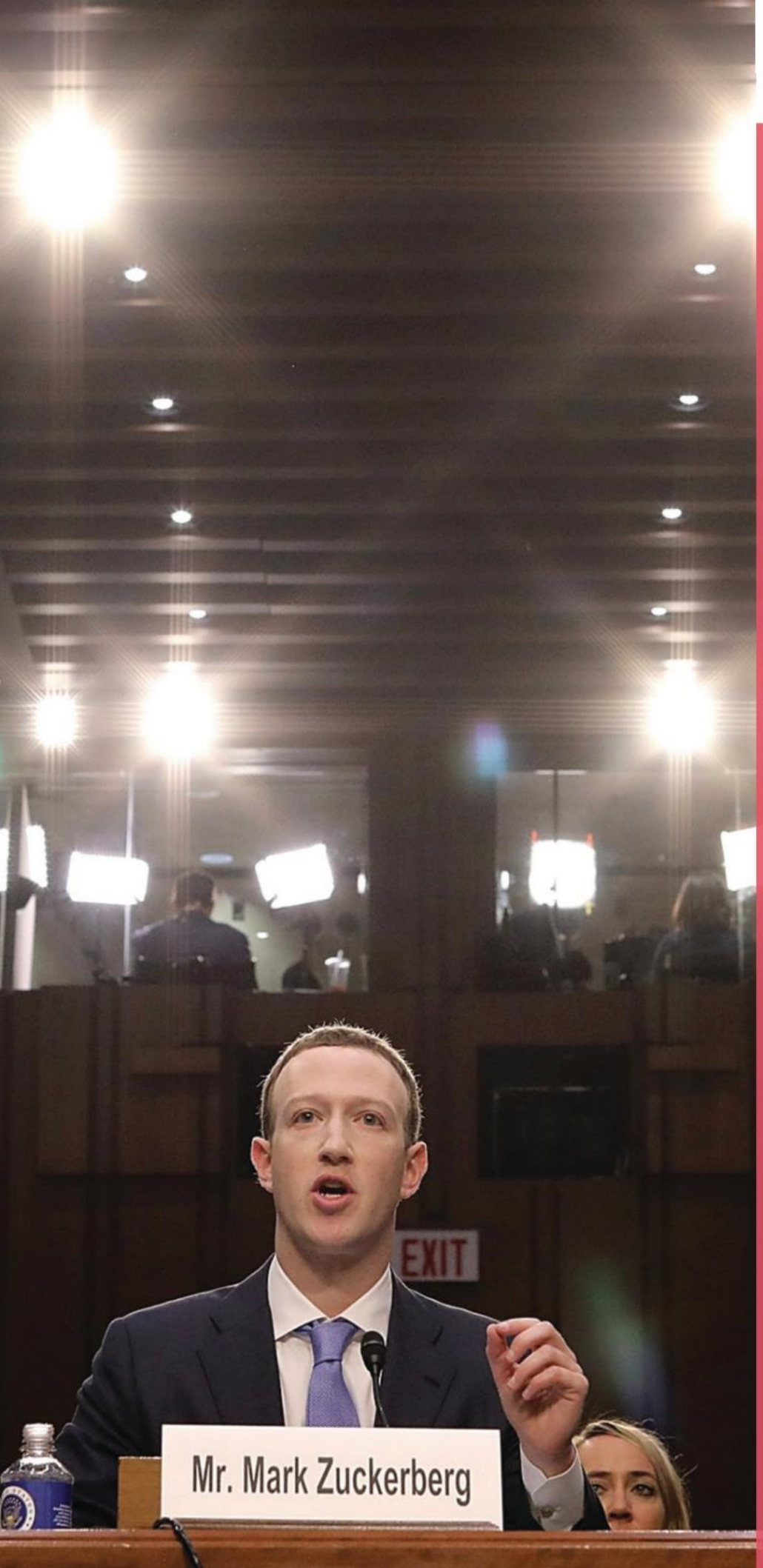
The business environment

Successful businesses must change and adapt in order to survive and remain competitive in the global environment. Sometimes in business, it is a case of trial and error.

Facebook is a business that has experienced both successes and failures in its rise to the top as the world's largest social media platform. In 2018, Facebook's co-founder and majority owner, Mark Zuckerberg, faced a public backlash and was interrogated by a US Senate committee. Zuckerberg was called to testify about Facebook's involvement in data-mining and the serious breaches of user privacy that had come to light in what is now known as the Cambridge Analytica scandal.

Despite this scandal, social media has shown no signs of slowing down. Facebook not only dominates the social media market as an individual platform with over 2.8 billion users, but has also developed Facebook Messenger and acquired WhatsApp and Instagram. This means that the company currently owns four out of the five most popular social media platforms and is worth an estimated US$280 billion.

» **Source 1** Co-founder and majority owner of Facebook Mark Zuckerberg testifies before a US Senate hearing resulting from the Cambridge Analytica scandal. Despite Facebook being caught purposely misusing user data, it has continued to grow as a popular social media platform.



7A

What is a competitive advantage and how does it benefit business?

7B

What is innovation and how can it be used in business?

7.1

How businesses gain a competitive advantage

In this topic, you will:

» explore ways for businesses to gain a competitive advantage.

Businesses that gain a **competitive advantage** (or competitive edge) have worked out how to best satisfy the **consumer**, and this may result in increased sales and **profit**. There are several methods a business can use to gain a competitive edge, such as:

- offering consumers a lower price
- advertising the **product**
- offering consumers better quality or perceived quality
- responding to consumer needs.

competitive advantage when a business is able to outperform similar businesses in a market; this may be due to factors such as skilled personnel, and the ability to reduce costs and improve quality

consumer an individual who purchases goods or services for personal use

profit the amount left over after deducting expenses from the revenue received by a business

product an item (either a good or service) that is offered for sale



Source 1 Some businesses gain a competitive edge by creating something entirely new in the market. Sendle is an Australian-founded shipping company that operates in Australia and the United States, and aims to simplify and modernise parcel delivery, especially for small businesses. It was the first shipping carrier in Australia to offer 100 per cent carbon-neutral parcel delivery. Launched in 2014, Sendle is now partnered with DHL eCommerce for international deliveries and is used by global companies such as eBay and Shopify.

Offering consumers a lower price

Lower prices are an important way of enticing the consumer to buy **goods and services**. Some businesses can offer consumers lower prices because they find ways to reduce the cost of making a good or providing a service. New technology may be used to cut labour costs, such as self-service checkouts in supermarkets (see Source 2). Sourcing cheaper materials from suppliers is another method of cutting production costs.

Larger businesses have the advantage of lower costs of production because it is cheaper to produce larger volumes of goods or services than smaller volumes. This is referred to as

goods and services products made for consumers; goods are tangible products that can be touched, such as bread; services are intangible products that cannot be touched but benefit the consumer in some way, such as tutoring

economies of scale. The reason for this is that firms have fixed production costs, such as those relating to equipment, advertising and **marketing**. For example, think about a cake manufacturer, which has the capacity to cook 10 000 cakes per day. The electricity costs of using ovens might be the same whether 8000 or 10 000 cakes are produced, so there is an advantage in producing more, rather than fewer, cakes.

Outsourcing part of their operations is another cost-cutting measure some businesses choose to use. This can mean that work that was once undertaken in Australia is now completed overseas at a reduced cost. Qantas, for example, outsources the structural maintenance of two of its largest planes to a company in Hong Kong.

Cost cutting is one way of reducing the price of a good or service, but a firm may also decide it is in its interests to lower prices and accept lower profits in order to ensure continued sales, and ultimately the survival of its business.



economies of scale
producing larger quantities of a good or service that results in reduced unit costs of production

marketing
activities that businesses undertake to promote the buying or selling of products

outsourcing
obtaining goods or services, which were previously provided by employees from within a business, by contract from a supplier outside of the business

Source 2 Self-service checkouts such as this are one way in which businesses can use technology to reduce their labour costs, in an attempt to offer consumers cheaper prices on the goods they sell.

Advertising the product

In order to buy a particular product, the consumer must first be made aware that it exists. Advertising is one way a business can gain a competitive edge. Advertising involves drawing the public's attention to a product through various media; for example, websites, social networks, television, print material such as newspapers and magazines, or product placements in film and television.



Source 3 How many advertisements for products do you see on social media every day?

Offering consumers better quality or perceived value

There are some goods and services for which many consumers are willing to pay more because of their quality. There are many different aspects of quality. American academic David Garvin developed the concept of there being eight dimensions of quality:

1 *Performance* – how well does the product work?
2 *Features* – what additional features does the product have compared to similar products?
3 *Reliability* – can the product be tested to work without fail?
4 *Conformance* – does the product meet expected standards?
5 *Durability* – will the product last a reasonable amount of time?
6 *Serviceability* – how quickly and efficiently can the product be repaired if it breaks down?
7 *Aesthetics* – does the product's look, feel, sound, taste or smell appeal to the consumer?
8 *Perceived quality* – does the consumer think the product is a quality product?

CASE STUDY

How much would you pay for a bag?

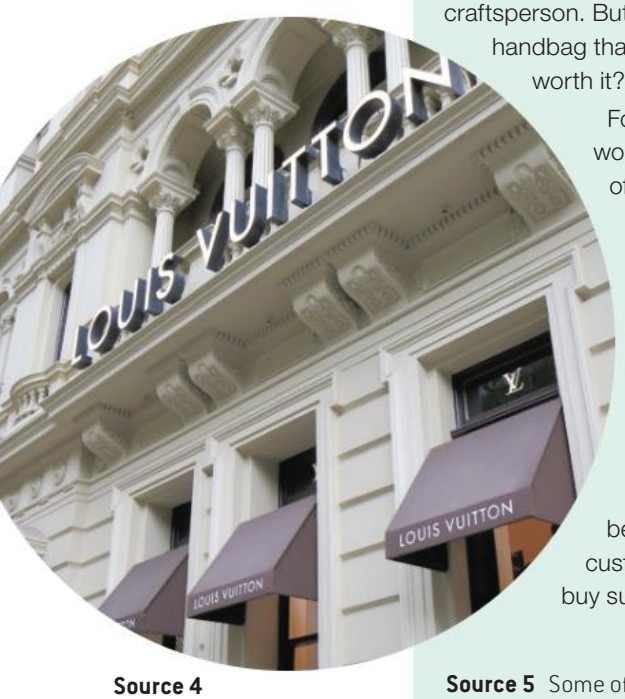
What makes a customer buy a luxury handbag for $5000 when they could buy a handbag for less than $50? Some say you pay for quality and the skill of the craftsperson. But is a well-made quality handbag that costs $5000 really worth it?

For some customers, the worth may be in a combination of beautiful artistry, the aesthetics (how the bag feels, looks and smells) and the features; for example, whether the bag is versatile, allowing the customer to remove the straps and carry it in different ways.

However, there may be something else that the customer is buying when they buy such a handbag – perceived value. This is intangible (invisible) and cannot be measured. It may be about how the product makes them feel and how they are viewed by others when they use it. According to Uché Okonkwo, a management consultant specialising in the luxury sector:

> Luxury is neither a product, an object, a service, nor is it a concept or a lifestyle. It is an identity, a philosophy and a culture.

Creating a brand helps the consumer to quickly identify who made the product and sets the product apart from similar products sold by others. Advertising and marketing can therefore have a dramatic effect on whether a company gains a competitive advantage. Increasingly, collaboration between luxury brands and social media influencers or celebrities has become a popular method of advertising products to consumers. Source 5 lists the top six luxury brands in 2020. Do you recognise any of them?



Source 4
Louis Vuitton is one of the world's biggest luxury brands. It sells a range of luxury products, such as handbags, luggage, small leather goods, shoes, stationery, watches and jewellery.

Source 5 Some of the most valuable luxury brands in 2020, according to Forbes's Top 100 of the world's most valuable brands

Rank in Top 100 world's most valuable brands	Brand name	Brand value (US$ billion)
9	Louis Vuitton	47.2
31	Gucci	22.6
32	Hermès	21.6
52	Chanel	12.8
56	Cartier	12.2
80	Rolex	9.5

Think, pair, share

- Think about the brand value of each brand listed in Source 5. What does this make you think about luxury brands?
- Discuss your ideas with a partner.
- Share your thoughts with the class.

Responding to consumer needs

Being responsive to consumer needs may be as simple as bringing products to market 'on time'. For example, a mechanic who is known for their quality work will fall out of favour if the customer has to wait an unreasonable amount of time for their car to be repaired.

Responding to consumer needs also means treating the customer well. Helping the customer when and if they need help is called customer service. Many customers need staff to have product knowledge. After-sales service is also important.

Businesses can improve their customer service by ensuring that staff are properly trained. Technology may also assist a business to deliver faster, more efficient customer service. For example, airports that provide customers with self-check-in facilities minimise delays.

Responding to consumer needs is not just about fast delivery and customer service. Businesses that produce new products in response to consumer needs also gain a competitive edge. In addition, many consumers demand that ethical business practices are used in the production of goods and services. Ethics are standards that provide us with a guide to what is right and wrong. Goods or services produced without harming humans, animals or the environment are considered favourably by many consumers today.



Source 6 Supermarkets use many methods to gain a competitive advantage. In Australia, the two largest supermarket chains are Coles and Woolworths. These supermarkets combined take up 61 per cent of the national food market share in Australia.

Quiz me!
A quick quiz on how businesses gain a competitive advantage

7.1 CHECK YOUR LEARNING

Review and understand

1 **Identify** the main benefit of a business obtaining a competitive advantage.
2 **Outline** three ways a business might reduce its production costs in order to obtain a competitive advantage.
3 **Describe** the difference between quality and perceived quality.

Apply and analyse

4 Consider the products you buy. **Explain** why you buy these products. Do you think it is because they are considered to be cool?
5 Each of the eight dimensions of quality (see page 115) consists of a question. **Describe** a product that you have bought or been given recently and answer each of the eight questions to **determine** if this is a quality product.
6 **Explain** why brand is so important when it comes to selling luxury goods.

Evaluate and create

7 Pick a food product and have three people undertake a blind taste test. Choose at least two different brands of the same food and ask three blindfolded testers to **evaluate** each on a scale of 1 to 3, with 1 being the best rating.
   a What was the most expensive product and what rating did the taste testers give it?
   b What have you learnt from this experiment about the power of brands?
8 In pairs, **discuss** the last time you experienced poor customer service in a store and how the business could improve in this area.
9 Look in your pantry, laundry or bathroom cupboard for any products that claim to be superior because of the ethical way they were produced. For example, the label may claim that the product is environmentally friendly. Do some research on this claim to **determine** how truthful this claim is.

7A

RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Starting a new small business

Business ideas can sometimes be so simple. Setting up a sandwich shop seems like a simple idea. However, for Fred DeLuca, co-founder of the Subway chain, the idea of selling fresh and healthy sandwiches was a huge business success.

Fred was just 17 years old when he set up his first sandwich shop in Connecticut, in the United States, in 1965, with $1000 he borrowed from his friend Peter Buck. Peter had suggested to Fred at a barbecue one day that setting up a sandwich shop would be a way of funding Fred's college education.

The first sandwich shop provided a valuable learning experience. Both Fred and Peter learnt that a visible location and marketing were key factors to success.

Today there are more than 41 000 Subway outlets in 111 countries. In Australia, there are over 1300, with the brand planning to roll out significant refurbishments across its franchise outlets in the hope of attracting more customers. A franchise gives an individual business (called a franchisee) the permission to market and distribute another firm's goods or service and use its business name for a fixed period of time, but requires the franchisee to follow certain rules set by the firm that owns the name and business model (called the franchisor).



Source 7 Subway franchises are popular in Australia.



KEY SKILL
Reasoning & decision making

Planning to start a new small business at school

To ensure business success, it is important to properly plan before starting a business. Many small businesses fail because of:

- an inability to manage costs
- inexperienced management
- an inadequate or no business plan
- insufficient funds to commence the business.

Follow the steps below to start a new small business:

Step 1 Consider all of the basic steps (see Source 9) of how your small business will operate; from the big picture of what you are selling to why your small business will be a success.

Step 2 List each step involved in producing and marketing your good or service (see Source 8). Determine how long each step will take, who will carry out each task, and what resources are required.

Source 8

Steps involved in producing your good or service *and* marketing it	How long will this step take?	Who will undertake this step?	What resources will be needed for this step?
1			
2			
3			

Remember that if you are setting up a more extensive business, you should create a more detailed business plan.

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.

Big picture	What are you selling? Who will buy it?
Price	What are your costs of production (materials you may have to purchase, the cost of phone calls, transport, marketing and whether you pay yourself and others a wage)? What will you charge? Will you make any profit (cost-revenue earned from sales = profit)?
Marketing	How will customers learn about your business? List marketing activities in the accompanying table
Timing	When must your good or service be available for sale?
Organisational	What steps need to be taken in order to produce your good or service? Fill in the accompanying table adding as many columns as you like
Legal	Do you need to seek permission before carrying out your small business?
Success	Why is your small business likely to be a success?

Source 9

Practise the skill

1 Start your own small business, either individually or in groups. Make sure it is one that you can complete in a reasonably short time frame, which you should discuss with your teacher. Use Sources 8 and 9 to help you plan it.

Examples of small businesses you could start are a second-hand clothes, electronics or book stall, or a stall that sells handmade cards or jewelry. You could also provide a service, such as recycling or gardening.

Extend your understanding

1 After you have tried running your small business, **evaluate** how well the business did by answering the following questions.

- **a** Do you think you charged the right price for your good or service? If not, what price should you have charged?
- **b** What were the overall costs of the business and what revenue did you earn? Did you make a profit? Regardless of whether you made a profit or not, what could you do better next time?
- **c** What marketing did you undertake? Was it successful? Why or why not?
- **d** Do you think you provided good customer service? Give reasons for your answer.
- **e** What were the businesses that seemed to be very successful in the class overall? Explain why you think they were successful.

2 In 2020, the Irish Supreme Court ruled that the bread served at Subway could not in fact be defined as bread because of its high sugar content. **Explain** how this may have impacted Subway's brand and reputation.

7.2 Innovation in business

In this topic, you will:

» consider how innovations in marketing and business practices can contribute to the success of a business.

Innovation is changing an existing product or process so that it is more effective. It is important to understand that innovation can be used in many parts of a business to create a competitive edge. In this topic, we will look at innovation in marketing, business culture and **business processes**.

Innovation in marketing

A company's marketing methods can influence a consumer's decision to buy a product. Marketing is conveying the value of a good or service to a customer in order to sell it to them. Businesses today realise that they will be more successful if they produce goods and services consumers want. They do extensive research to find out what consumers want, and then set about creating goods or services that meet consumer needs better than other competitors in the same market.

innovation
a new idea or more effective process that makes a product better than it was before

business processes
a series of tasks or actions that are undertaken by a business to produce its product

CASE STUDY

Gamification as a marketing tool

Australians are exposed to thousands of advertisements every day, presenting marketers with the great challenge of making their campaigns stand out from the crowd. For a marketing campaign to be successful, it must be carefully planned, creative and multifaceted (have many different parts). The campaign has to reach the target audience in ways that effectively communicate the message that the business wishes to send. Such campaigns rely on market research, which give the business a better understanding of consumer behaviour and tastes.

One report, which was released in 2021 by creative marketing agencies We Are Social and Hootsuite, showed the trend in internet usage by Australians. The average Australian now spends 6 hours and 13 minutes per day on the internet, accounting for 40 per cent of their waking hours, with roughly one-third of this being on social media. The report also showed the rise in internet gaming, with three out of four internet users aged 16–64 playing video games for an average of nearly an hour a day.

Such trends were not lost on Australian supermarket giant Coles, which developed one of the most successful marketing campaigns of recent times. Coles Little Shop consisted of a set of mini figurines of well-known food items that were offered free to customers who spent over $30 at the supermarkets. The collectible figurines were particularly popular with young children, providing parents with an opportunity to get them a little gift while doing their shopping run.

In 2019, the campaign really took off. Coles developed an augmented reality dancing app game that allowed customers to scan their collectibles, activating the dance moves of their digital characters. The users were able to share music clips from the app, further promoting the Coles brand through user-generated content. The 'Little Shop 2' campaign became a huge success, with the app becoming the top trending one on Google Play and the second leading family game on iOS. Such use of gaming elements in what would otherwise be a non-gaming context is a marketing tool known as 'gamification'.



Source 1
Fans attend the Coles Little Shop Swap Day at Westfield Southland, Melbourne, on 17 August 2019.

Marketers use different techniques to influence consumers to buy their products. Not all consumers have the same needs and wants, so marketers set about dividing the market into groups or subsets of consumers who have common needs and characteristics. This is called **market segmentation** (see Source 2). For example, all consumers eat, but what and how we eat is affected by our culture, and perhaps our religion. For this reason, McDonald's does not sell beef and pork products in its restaurants in India because of Hindu and Muslim beliefs forbidding the consumption of pork or beef.

market segmentation
a marketing strategy that divides the market into groups of consumers with common needs and characteristics

Segmentation is used so that consumers with common characteristics can be pursued or targeted to purchase the product. For example, older people are usually targeted to buy funeral **insurance** so that when they die, their family is paid a lump sum to cover their funeral expenses.

A technique called **positioning** is also used by marketers. This aims to create a distinct image for the brand or product that differentiates it from other similar brands or products on the market. The benefits of the products or the brand they are associated with are communicated to the consumer, along with a message of how unique that brand or product is. For example, in 2019, Kmart launched its 'Low prices for life' campaign. As Laurie Lai, General Manager of Marketing at Kmart Australia, explained:

> We know household budgets are tight, so now is the right time strategically to renew our brand promise to provide the latest low-price products. We're excited our new positioning will create more authentic, emotional connections with our customers.

Geographical market segment	Where the consumer comes from, for example their nation, state or region
Demographic market segment	The age of the consumer, gender, amount of income, ethnicity and religion
Behavioural market segment	Includes the level of knowledge the consumer has of the product or whether the consumer uses the product regularly
Lifestyle segment	Includes the consumers' attitudes and opinions or the way they spend their leisure time

Source 2 Marketers may target their product at a particular segment of the market.



Source 3 Positioning a brand in the highly competitive retail sector is a difficult task, requiring careful planning.

insurance
a guarantee that there will be compensation for loss, damage, illness or death, in return for payments

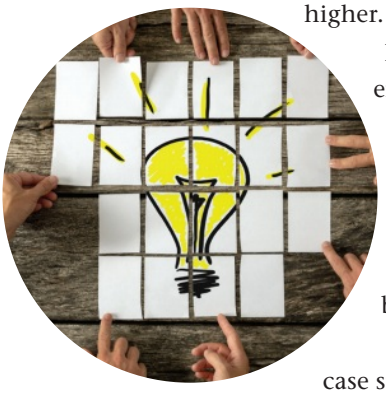
positioning
a marketing strategy that creates a unique position for a product compared to similar products on the market

Key skill worksheet
Asking questions & conducting research: Innovation in business

labour productivity the amount of goods and services that a worker produces in a given amount of time

Innovation in business culture

Each business will have its own particular way of conducting business. The 'culture' of a business is influenced by things like values, beliefs, the vision for the business, and habits. If an organisation is considered to be a good place to work, **labour productivity** is likely to be higher.



Source 4 Innovative ideas can sometimes occur when many people work together on a project.

Businesses that have an innovative business culture take active steps to ensure that they encourage creativity. A business may, for example, have employees undertake training to help foster creativity and innovative thinking. Innovation may be specifically stated as a business goal, and time and resources may be devoted to help staff develop great ideas. Amantha Imber, the founder of Inventium (an innovation consultancy firm) says: 'If you do not innovate, you risk becoming irrelevant because so many other companies are innovating and looking to stamp out their competition. We're seeing it becoming a priority for more and more CEOs.'

Innovation can be applied to how a business operates. John Lewis (see the following case study) is a UK company that has a different way of conducting business, which has contributed to its business success.

CASE STUDY

Would you like to work for this business?

Imagine working for a business that divides a percentage of its annual profit among its employees. At the John Lewis Partnership (JLP), which runs a chain of upmarket stores in the United Kingdom, this is exactly what happens. The 80 000 people who work for JLP (referred to as 'partners', rather than 'employees') each own a share of the 34 John Lewis department stores and 331 Waitrose supermarkets. All workers, from top management to cashiers, receive the same percentage cash bonus each year, provided the company makes a profit. Historically, this has varied between 5 and 20 per cent of partners' annual salaries.

The radical idea to give employees a share of the profits came from JLP founder John Spedan Lewis (1885–1963), who began distributing profits to employees in his stores in 1926. Employee ownership is popular in the United States, Britain and Europe, but less so in Australia. Research suggests that there are significant productivity gains to be made through employees owning a share in the business they work for; although JLP's business success cannot only be attributed to its profit-share policy. The company was quick to develop an online retailing capacity and actively uses technology to appeal to its customers.

In recent years, however, JLP, like many retailers, has seen a drastic decline in profits due to the COVID-19 pandemic. 2020 and 2021 saw the business close several department stores and cut over a thousand jobs. After posting a £653 million (approximately AU$1208 million) loss in the second half of 2020, Dame Sharon White, Chair of JLP, confirmed that employees would not receive a bonus in 2021. Employees of JLP have received a bonus every year since 1953, but the bleak profit outlook has forced the business to cut costs where possible.



Source 5 Employees (partners) watch as JLP announces its full-year results in its flagship store in Oxford Street, London.

Innovation in business processes

All businesses use a number of processes to create a product. Businesses processes must be efficient or productivity will decline. If you have ever waited a long time for a pizza, it may be because the process of delivering the meal is not very efficient (see Source 6). To use another example, if a shop regularly runs out of a product, it may be because its process for keeping track of stock is inefficient.

Computerised stock systems can help a business control stock. Some manufacturing businesses use 'just-in-time' inventory systems, so that materials arrive as close as possible to when they are needed. This means the business does not need to hold vast amounts of stock, thus reducing storage costs and the possibility of waste or damage.

Quiz me!
A quick quiz on innovation in business

Source 6 Pizza Hut has teamed up with Toyota to develop a driverless pizza-making truck. The Tundra PIE Pro is a zero-emissions pickup truck with a pizza-making operation in the truck bed, giving Pizza Hut the ability to deliver a pizza fresh out of the oven.



7.2 CHECK YOUR LEARNING

Review and understand

1 **Define** the term 'innovation'.
2 **Describe** two marketing techniques commonly used to influence consumers.
3 **Identify** what particular market segment or segments the following products would likely appeal to:
   a shaving cream
   b hairspray
   c walking frame
   d Nike runners
   e outdoor heater.
4 **Outline** how Coles managed to increase sales through the 'Little Shop 2' campaign.
5 **Summarise** why the UK business John Lewis Partnership is considered an innovative company.
6 **Explain** why marketers use different techniques to influence the buying choices of consumers.

Apply and analyse

7 In order to make a product more effective, it is useful to think about the problems that consumers might experience when using it. For example, one of the problems with buying a fresh lettuce is that it has to be washed. Many supermarkets now supply washed lettuce for consumer convenience. **Explain** how three products you use have been improved or could be improved.
8 Think of two products you have purchased. Were these products specifically marketed to consumers in your age group? **Justify** (give reasons for) your answer.
9 Read the following scenarios. **Propose** two ideas to each business owner as to how they can be more effective in their business.
   a Amira owns a bakery, but has noticed that another bakery at the end of her street is much busier than she is. Amira has been making the same cakes since she started the business three years ago and has not changed anything about it.
   b Lee runs an online rubber stamp business. Businesses can order a custom-made business stamp and ink pads. Lee analyses the number of customers who visit his website and realises that his business is just not being seen. He set up a webpage to obtain customer feedback. One customer said she had trouble visualising what the stamp would look like, and so she did not buy it.
   c Kyla has an online gift shop. She prides herself on having the greatest range of gifts for the home, but her competitors are more popular. Customers find it difficult to find what they want on Kyla's website and the photography is very unappealing.

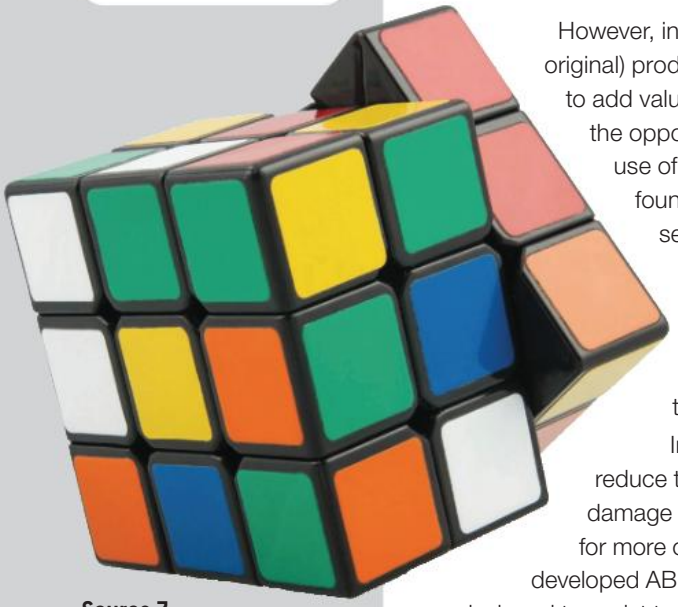
7B

RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Innovating for business success

Innovation can be the key to business success. Take the Rubik's Cube, for example, which was invented by sculptor and professor of architecture Ernö Rubik in 1974. We had all seen puzzles before, but not a 3D puzzle that was so entertaining it became the best-selling puzzle in the world.



Source 7
The Rubik's Cube is an example of a novel innovation that has enjoyed huge commercial success.

However, innovation is not always about the creation of novel (that is, new and original) products such as the Rubik's Cube. Innovation can be used in all businesses to add value to existing products. For example, cosmetics giant L'Oréal recognised the opportunity for providing tailored beauty solutions to its customers with the use of technology. The L'Oréal Perso is a smart dispenser that blends lipstick, foundation or skin-care formulas tailored for individual users. Users take a selfie with the device's app, which uses an algorithm to suggest a product that is then mixed and dispensed from the device in the user's home.

Product innovation can give a business a competitive edge. One of the keys to innovation, though, is realising that change is necessary. Change in technology has meant that businesses must change the way they produce their product, or be left behind.

Innovative products that allow other businesses to lower labour costs, reduce the materials needed to make a product, or decrease environmental damage are much sought-after. Van Robotics CEO Laura Boccanfuso saw the need for more cost-effective and practical robot solutions for real-life applications. She developed ABii, a robot tutor that teaches primary school-level numeracy and literacy. It is designed to assist teachers and parents in providing individualised learning help to students.



Source 8 The ABii robot tutor is one of many examples where robotics technology is increasingly being introduced into the real world.

KEY SKILL
Reasoning & decision making

Being innovative in business

You may not have thought about innovation as being a skill before, but like many aspects of business, it is something that can be learnt, practised and improved. A business that strives to add value to its product and changes according to consumer demand is more likely to stay in business and remain competitive. Businesses now compete in a global market, and the emphasis is on not only producing good products, but also producing them in a cost-effective way.

Roger La Salle is an innovation expert who has developed the 'four seeds' approach to product innovation. This provides a structure that can be followed to help a firm find innovative ways to improve its business – whether it is creating a new product, improving an existing service, streamlining work processes or simply finding new business opportunities.

Follow these steps to use the 'four seeds' approach to business innovation:

Step 1 Change the product. How can the product be changed for the better? (Seed 1)

Step 2 Add accessories. It is not just the product that is important. The accessories, such as an iPad cover or a mobile phone case, can add value to a business. (Seed 2)

Step 3 Add complementary products. When a business is selling a product such as a hamburger, fries and drinks that might go with it can be offered for purchase as well. (Seed 3)

Step 4 Enhance the sales channels. A sales channel is a business's access to a customer. Coles is an example of a business that has used its relationship with customers to sell other products, such as insurance, in addition to its main business of selling groceries. (Seed 4)

For more information on this key skill, refer to page 10 of 'The economics and business toolkit'.

Practise the skill

1 This task focuses on Seed 1 from La Salle's 'four seeds' approach, and relates to changing a product.

Create a table like the one in Source 9 on the next page, and practise your innovation skills by devising a new way to produce each product listed in the first column. Answers for the first product (a tablecloth) have been provided as an example.

Here are some of La Salle's suggestions to help get your innovative ideas flowing.

- *Make a wish for the product* – for example, take a simple product, like a pen. You may wish it did the writing for you if you told it what to do. Make a wish for each product listed in your table and put it in column 2.
- *Think about the life cycle of the product* – if we use the example of a pen again, it might only last a month depending on how much you write. State the life cycle of each product in column 3.
- *Analyse the problem with the product currently* – for example, pens are never there when you need them! State the problem with each product in column 4.
- *Review your answers for each of the products* – in the final column, state (a) what your innovative idea is, and (b) whether you think your idea would have commercial success.

2 If you have a great idea, this becomes your intellectual property (IP). You can legally protect this idea from being taken by others. Go to the IP Australia website (a link is provided on your obook pro) and use the interactive called 'IP in everyday life'. List the products you have used today and tick the ones that you think have protected IP.

Weblink
IP Australia



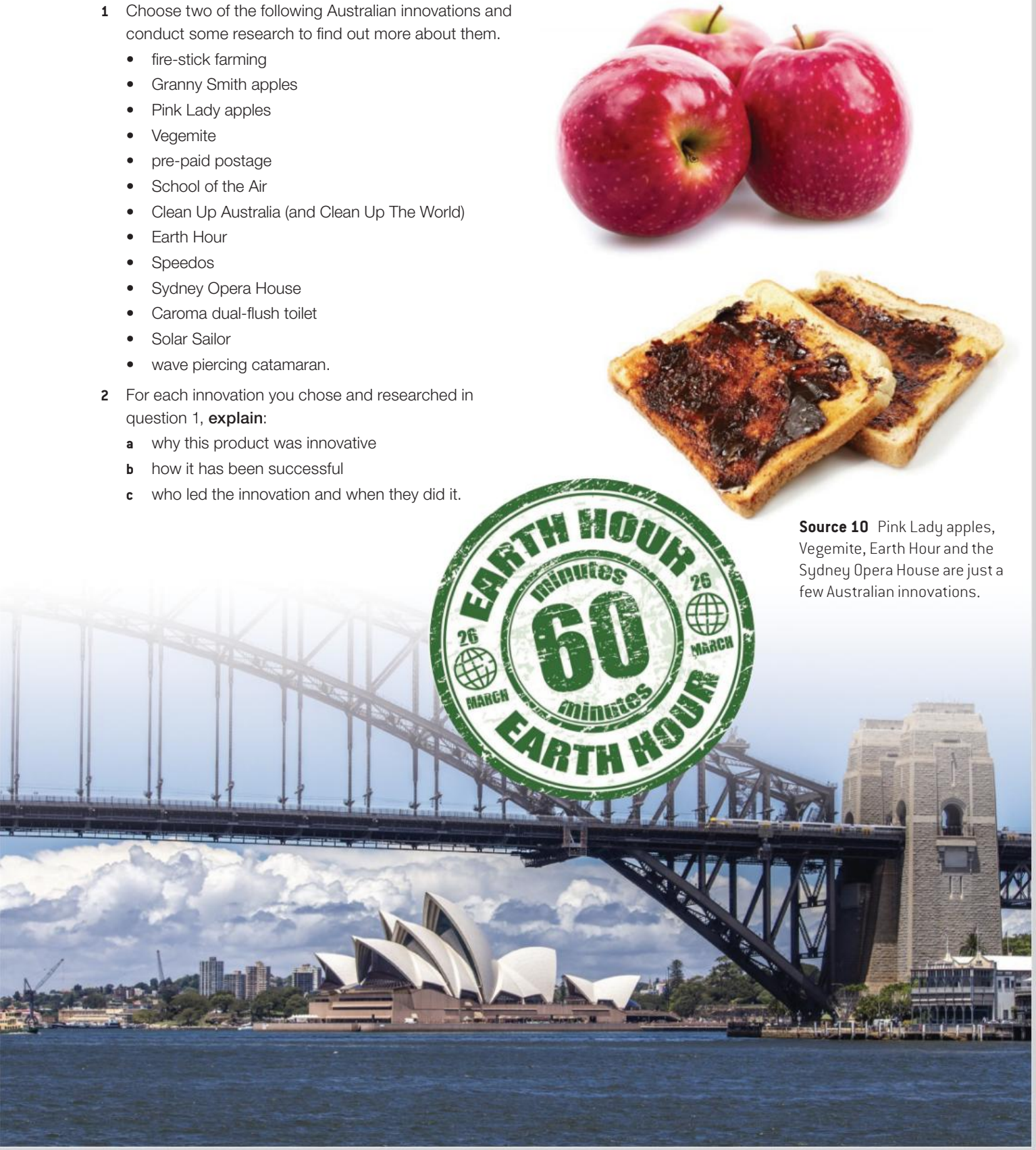
Source 9 This table can help you practise your innovation skills.

The product to change	A wish for the product	The life cycle of the product	The problem with the product currently	Innovation (a) What is your idea? (b) Do you think it would have commercial success? Why or why not?
Tablecloth 	It is always clean. You can design your own tablecloth and change the colour.	It becomes stained and only lasts a year or so.	It requires constant laundering. You cannot find one to suit your decor and/or you are tired of the colour.	(a) Design a table for restaurants that has a self-cleaning tablecloth (b) Further research and development is required.
Mobile phone 				
Can of drink 				
Chair 				
Calculator 				
Getting a haircut 				
Going out to dinner 				

Extend your understanding

1 Choose two of the following Australian innovations and conduct some research to find out more about them.
- fire-stick farming
- Granny Smith apples
- Pink Lady apples
- Vegemite
- pre-paid postage
- School of the Air
- Clean Up Australia (and Clean Up The World)
- Earth Hour
- Speedos
- Sydney Opera House
- Caroma dual-flush toilet
- Solar Sailor
- wave piercing catamaran.

2 For each innovation you chose and researched in question 1, **explain**:
- **a** why this product was innovative
- **b** how it has been successful
- **c** who led the innovation and when they did it.



Source 10 Pink Lady apples, Vegemite, Earth Hour and the Sydney Opera House are just a few Australian innovations.

7 CHAPTER REVIEW

Review questions

7A What is a competitive advantage and how does it benefit business?

1 **Define** the term 'competitive advantage'. (1 mark)

2 **Explain** the importance of being responsive to consumer needs, with reference to a business you are familiar with. (3 marks)

3 **Outline** three different ways in which a business can gain a competitive advantage, providing an example of each. (6 marks)

(Total: 10 marks)

7B What is innovation and how can it be used in business?

1 What is meant by the term 'segmenting'? (1 mark)

2 **Identify** one innovative product you are familiar with, and **explain** why you consider it to be innovative. (4 marks)

3 'Innovation is not possible without technology.' Do you agree or disagree with this statement? **Justify** (give reasons for) your response, making reference to one business. (5 marks)

(Total: 10 marks)



Source 11 How would you make a business in a shopping mall stand out from the crowd?

Review activity

This activity is designed to develop your understanding of innovation and the creative process. Read the text carefully and answer the questions that follow.

Thinking outside the box



Source 12

Innovation is all about problem solving. When we think of better ways of doing things, we are in effect solving problems associated with the old way of doing things. Innovation looks not only at ways in which we can create or improve products, but also at how we can use them more effectively; for example, by finding a way in which they can be reused.

1 Consider the product shown in Source 12 and answer the following questions:
   - **a** Briefly **describe** the product. **Identify** what it is primarily used for. (3 marks)
   - **b** **Identify** three possible alternative uses for the product. (3 marks)
   - **c** **Outline** two reasons why you believe the product is effective for the purpose you identified in question 1a. (2 marks)
   - **d** **Identify** two problems with using this product for the purpose you identified in question 1a. (2 marks)

2 **Create** a design for an alternative product for the purpose you identified in question 1a. Your design should include:
   - **a** an illustration, with dimensions given in centimetres
   - **b** a description of all of the features of your product
   - **c** a brief explanation as to why your product is a viable alternative to the one shown in Source 12.)

   (Total: 7 marks)

3 **Explain** what is meant by the proverb 'necessity is the mother of all invention', providing an example of an invention that was born out of necessity. (3 marks)

(Total: 20 marks)

Check your Student obook pro for these digital resources and more:

- **Student book questions** Chapter 7
- **Key skill worksheet** Communicating & reflecting: Chapter 7
- **Quizlet** Play a game of Quizlet on The business environment.
- **Chapter review quiz** Chapter 7



PART 2

Civics and citizenship

Skills

Chapter 8 The civics and citizenship toolkit 132

Year 9

Chapter 9 Government, democracy and the citizen 142
Chapter 10 Australia's legal system 168

Year 10

Chapter 11 Australia's democracy and the global context 198
Chapter 12 The Australian Constitution and the High Court 236
Chapter 13 Australia's international legal obligations 254

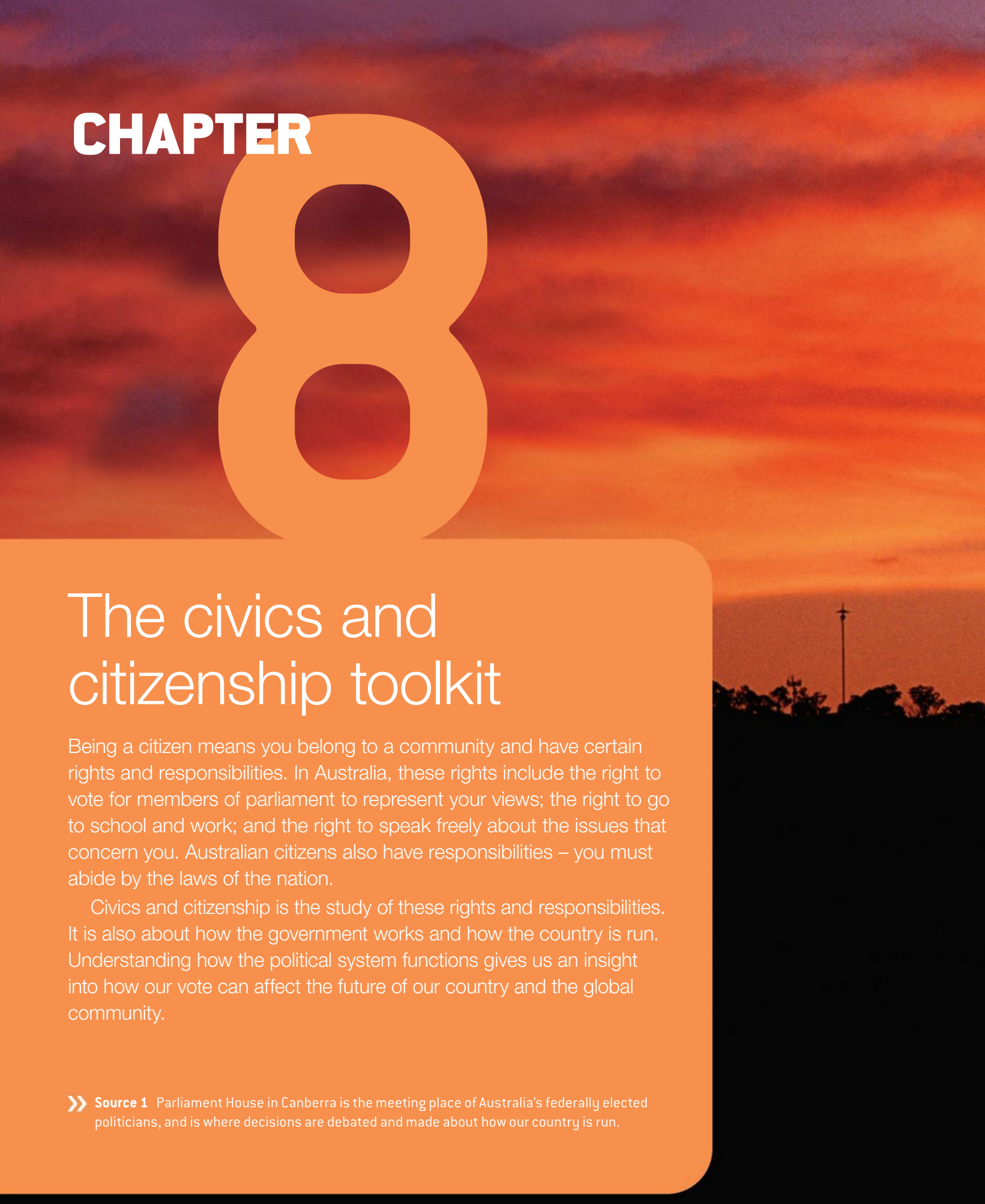
CHAPTER

8

The civics and citizenship toolkit

Being a citizen means you belong to a community and have certain rights and responsibilities. In Australia, these rights include the right to vote for members of parliament to represent your views; the right to go to school and work; and the right to speak freely about the issues that concern you. Australian citizens also have responsibilities – you must abide by the laws of the nation.

Civics and citizenship is the study of these rights and responsibilities. It is also about how the government works and how the country is run. Understanding how the political system functions gives us an insight into how our vote can affect the future of our country and the global community.



» **Source 1** Parliament House in Canberra is the meeting place of Australia's federally elected politicians, and is where decisions are debated and made about how our country is run.



8A

What are the civics and citizenship skills?

8.1 Civics and citizenship skills

Civics and citizenship studies help us learn to question, interpret information and argue our point of view. The classroom is a forum for you to share your opinions and see things from a wider range of perspectives when examining topics such as compulsory voting, the right to a fair trial and Australia's treatment of people seeking **asylum**.

asylum
protection or shelter provided by a nation to a person who has been forced to leave their home country due to conflict or political unrest

Studying civics and citizenship requires you to analyse information and ask a range of questions to find out more about an issue. You will learn to question and research information by asking 'what', 'why', 'when', 'who' and 'how' to uncover the truth. Through investigating an issue you will be able to arrive at your own point of view, while understanding the reasons why others may think differently.

Source 1 The skills used while studying civics and citizenship

Asking questions and conducting research	• Developing, selecting and evaluating questions to investigate Australia's political and legal systems • Identifying, gathering and sorting information and ideas from a range of sources, and referencing as appropriate • Using ICT to locate relevant sources
Analysing sources	• Critically evaluating information and ideas from a range of sources in relation to civics and citizenship topics and issues • Drawing conclusions about the usefulness of sources • Separating fact from opinion • Accounting for different interpretations and points of view
Evaluating and decision making	• Recognising and considering multiple perspectives and ambiguities, and using strategies to negotiate and resolve contentious issues • Using democratic processes to reach consensus on a course of action relating to a civics or citizenship issue and plan for that action
Communicating and reflecting	• Presenting evidence-based civics and citizenship arguments using subject-specific language • Reflecting on our role as a citizen in Australian, regional and global contexts



Source 2 Australian citizens have both rights and responsibilities. One of these responsibilities is to vote in elections. By voting for the issues that are important to us, we have the power to influence the way our country is run.

8.2 Asking questions and conducting research

Developing questions

An active and engaged citizen is curious and asks lots of questions. As a student of civics and citizenship, you should not immediately believe everything you hear or read, but instead learn to question the motivation behind someone's point of view or actions. You should check facts and look at the arguments for and against a certain issue before reaching your own conclusions. When stating your own viewpoint, seek to support this with evidence such as statistics, cases from the past, quotes from relevant sources and sound reasoning.

Gathering information

Sources provide information for informed citizens. They can take many forms – from written records in books or online to live interactions that may be captured by different forms of media. Some examples of sources include case transcripts and judgments, newspaper articles, letters, tweets, blogs, Facebook posts, cartoons, diaries, interviews and live debates.

Locating a range of relevant sources involves a number of research methods, such as:

- using online search engines such as Google
- visiting government websites
- looking at newspaper and magazine articles online
- contacting local members of parliament or asking a person with expertise in the subject
- interviewing class members or family members to gain an insight into their views on a particular issue.

Using ICT to locate relevant sources

Although books and newspapers are valuable sources of information, most research today is conducted online. To ensure that sources gathered online are accurate, reliable and relevant, a number of guidelines should be followed:

- Search engines such as Google are useful research tools, but much of the material found on websites suggested by search engines is not reliable and may contain inaccuracies, or false and misleading information, or be out of date. When using search engines, be sure to define your search using keywords. Your librarian or teacher is a good person to ask for help and information.
- A reliable way of searching for sources is to use sites linked to educational institutions, government departments, reputable companies and universities. A quick way of telling if a site is reputable is to look at the suffix of the domain name, which is part of the URL (internet address). Some of the most common domain suffixes are listed in Source 3, along with some information about their reliability.
- Avoid blogs posted by unknown individuals. If you find information relevant to your investigation on a blog or social media site, always verify it by using a more reliable source.
- Never cut and paste information from the internet straight into your own work. Taking someone else's work, ideas, words or images and using them as if they were your own is called plagiarism, and can have very serious consequences.

Source 3 Guidelines for determining the reliability of websites

Domain suffix	Description
.edu	• The site is linked to an educational institution, such as a university or school. • These sites are generally very reliable.
.gov	• The site is linked to a government institution, e.g. the RBA (Reserve Bank of Australia) or the ABS (Australian Bureau of Statistics). • These sites are generally very reliable.
.net	• The site is linked to a commercial organisation or network provider. • Anyone can buy a domain name with this suffix, and generally nobody regulates the information posted on the site. • As a result, these sites may be unreliable.
.org	• The site is linked to an organisation. • Usually, these organisations are not-for-profit, e.g. the UN (United Nations) or the OECD (Organisation for Economic Co-operation and Development). • If the organisation if reputable and can be contacted, this generally means that the information provided has been checked and verified by that organisation. • You need to be aware of any special interests that the organisation may represent (e.g. particular political, religious or commercial interests), as this may influence what it has to say on an issue. • If you are unsure about the reliability of information found on a website with this domain name suffix, check with your teacher or librarian.
.com	• The site is linked to a commercially based operation and is likely to be promoting certain products or services, e.g. banks. • Domain names with this suffix can be bought by anyone, so the content should be carefully checked and verified using another, more reliable source.

Check your learning
Log onto your obook pro to complete the questions for topic 8.2.



Source 4 You need to ensure that sources of information gathered online are accurate and reliable.

8.3 Analysing sources

Analysing information

All sources are affected by the author's own attitudes or beliefs. In some cases, the author may have been paid or forced to write in a particular way, or to ignore important facts from an event or story. This is referred to as a bias, and is often aimed at persuading a reader or viewer to agree with the person who created the source. In politics, and therefore in the study of civics and citizenship, people often write or speak about issues from their own perspective. This is why we must carefully evaluate and analyse sources when we are drawing conclusions from them.

KEY SKILL
Analysing sources

Identifying and describing points of view, attitudes and values in sources

A person's perspective is their point of view – the position from which they see and understand events going on in the world around them. The more controversial an issue is, the more likely it is that there will be strong, competing points of view.

These are just some controversial civics and citizenship issues:

- Australia becoming a republic
- Australia's treatment of asylum seekers
- the treatment of Aboriginal and Torres Strait Islander peoples, including the issue of deaths in custody
- retaining the jury system
- policy on climate change
- foreign investment in Australia.

Step 1 Identify a controversial issue.

Step 2 List the people affected by the issue.

Step 3 Locate sources depicting all points of view about the issue.

Step 4 For each point of view, describe the point of view being expressed. Why is this view being expressed? Who is expressing it? What are they saying?

Step 5 What affects this person's point of view? Think about the person's role and personal experience, whether they stand to benefit financially and their ability to tolerate difference in others.

Practise the skill

1 Use the steps above to look closely at a controversial issue of your choice. You may choose one of the issues listed above, or select a more localised issue, such as:
   - the use of mobile phones at school
   - your school's efforts to protect the environment
   - your school's efforts to provide healthy food and drink options at the canteen.





Source 5 Controversial civics and citizenship issues include Australia's treatment of Aboriginal and Torres Strait Islander peoples and asylum seekers.

A useful source is one that will add to your understanding of a civics and citizenship question or issue. The source needs to be relevant to the topic or question asked and must also be reliable. The following are good questions to ask in order to determine the usefulness of a source.

- Is the source reliable?
- Is there enough information and sufficient detail in the source to help me answer the question?
- Does the information in the source support and reinforce evidence from other sources?
- Is the source balanced or does it present one point of view (that is, is it biased)?
- Is the source based on fact or opinion?
- Is the information in the source current?

Separating fact from opinion

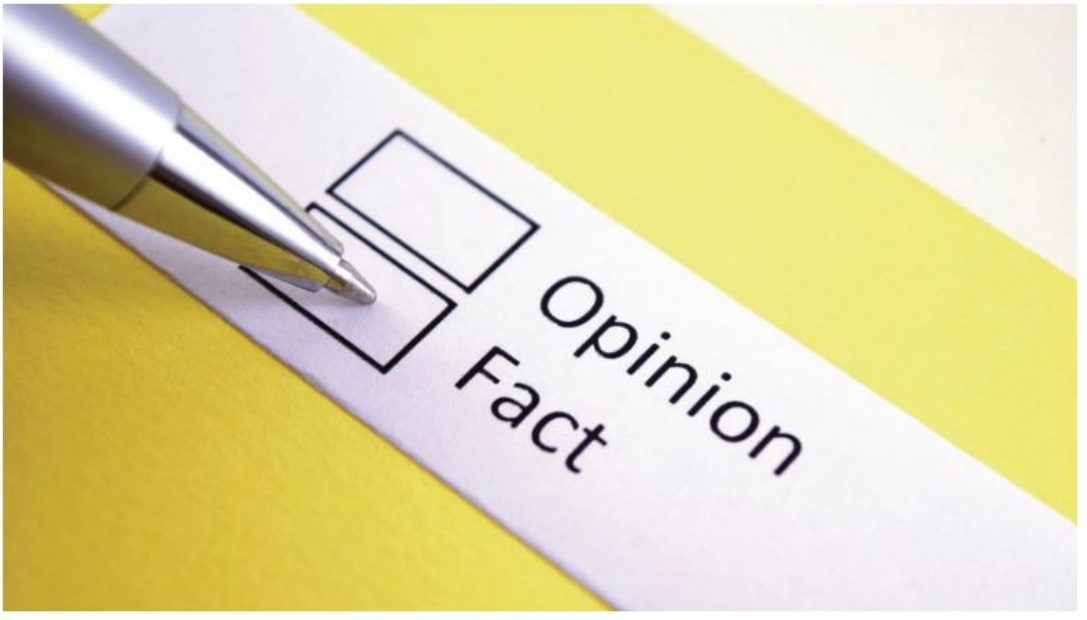
The conclusions you draw about the sources you have found will determine their usefulness. In many cases, this means separating fact from opinion. A fact is something that can be proved: when an event took place, what happened and who was involved. An opinion is based on what a person, or persons, may believe to be true.

A simple way to detect whether a statement is fact or opinion is to look closely at the language used. The use of words such as 'might', 'could' and 'think' all indicate that an opinion is being expressed. For example:

- Fact: Australia is part of the British Commonwealth and Queen Elizabeth II is our head of state.
- Opinion: The Queen has no involvement in the daily running of the country so she should not be our head of state. It is time Australia became a republic so we can elect our own head of state.

Accounting for different points of view

Perspective and bias are not just limited to the people who create source material. Interpretations of sources can also vary widely from person to person. Age, gender, social position, beliefs and values can affect perspective.



Source 6 As a civics and citizenship student, it is important that you can tell the difference between fact and opinion.

Check your learning
Log onto your obook pro to complete the questions for topic 8.3.

8.4 Evaluating and decision making

Recognising different points of view

When you consider a civics and citizenship issue, once you have collected and analysed the information you need, you can draw on your evidence to come up with an answer, or conclusion, to your question. In order to come to a fair conclusion, it is important to take into account any perspectives, uncertainties or contentious issues that could disrupt your evaluation.

For example, the family of a victim of crime may say to the media that a sentence given to a criminal was insufficient and unjust. This may be true, but it is important to consider how the harm to or loss of a family member due to crime may influence opinion. Listening and being respectful of opinions that may be different from our own is an important skill to practise in civics and citizenship, so that we can discuss issues rationally with others. If we are unable to listen or do not try to understand other people's perspectives, we can create conflict. When issues have clear sides or perspectives, it can be better to hold open discussions to address people's ideas or to negotiate a middle ground, rather than just escalating the issue by fighting.

Using democratic processes to agree on a course of action

Once you have come to a conclusion, you must decide on a course of action. Imagine that the question you are researching was if there were enough places to sit outside in your school yard. You surveyed people, compared the landscape with other schools in your area, and have come to the conclusion that there are not enough. What do you do now?

You could decide to do nothing if the problem is not that bad; or you can decide to propose action. This action might include writing to your principal or school council. Or, with the permission of your teachers, you might raise money yourself to pay for more benches around the school.

It is possible to take action as an individual or as a group. Sometimes, trying to get things done by yourself can be a lot of work, and help from a team is useful. If you are going to propose action as a group, or collective, you will need to follow a more democratic process.

Just like in a democratic election, a democratic process is one in which everyone has an opportunity to have their say. This might include giving all members of a group the opportunity to contribute to a discussion, ensuring that information is conveyed to all group members, and providing group members with adequate time and opportunity to respond and vote on an issue.

Check your learning
Log onto your obook pro to complete the questions for topic 8.4.



Source 7 In a democratic process, everyone has the opportunity to have their say. Taking a vote is one way to reach an outcome that reflects the majority view.

8.5 Communicating and reflecting

Quizlet
Become familiar with civics and citizenship terms by reviewing them on Quizlet.

The ability to communicate your findings is an important skill in civics and citizenship. You can communicate your findings in many ways, including through multimedia presentations (using software such as PowerPoint or Prezi), posters, reports, blogs or letters to someone who can help you take action (such as your teacher or local council).

Whichever format you decide to use, it is a good idea to include these features:

- an introduction – let people know what your questions was, why you asked that question and why it is important. This is also a good place to define any key terms you are using.
- an explanation of what research you did – why did you use the particular sources you chose?
- an explanation of your results – you might like to present your results as graphs, tables or photographs to make them easier for your audience to understand.
- a conclusion – what were your findings? Explain why you came to that conclusion by evaluating your results.
- a proposal for action – what needs to be done now? How can your audience get involved? Predict the consequences of your proposal for action.

When presenting your findings, remember that a common language is used in civics and citizenship, just as it is in science and mathematics. Source 8 defines some commonly used terms. Additional civics and citizenship terms can be found in the glossary at the end of this book, and are also defined throughout the chapters.

Source 8 Some useful civics and citizenship terms

Citizen	a person who legally lives in a geographical area, such as a town or country
Citizenship	a person's status as a citizen; in a wider context, citizenship encompasses the rights and responsibilities that citizens exercise
Civics	the study of the rights and responsibilities of citizens and how government works
Democracy	a political system (or system of government) where the people determine how they will be managed or governed, and may exercise the power to directly govern themselves or elect representatives to govern on their behalf
Diversity	having many different forms; when referring to people, diversity means that people come from different racial, ethnic, socio-economic, geographical, educational or professional backgrounds
Globalisation	the process that involves all the countries of the world being linked together, resulting in an exchange of views, ideas, products and culture
Government	the elected members of parliament who make decisions for a nation or state; the government is made up of the party or coalition that has won a majority of seats in the lower house of parliament
Parliament	a formal assembly where elected representatives gather together to discuss political issues and make laws
Pluralist society	a diverse society where there is tolerance of different beliefs

Reflecting on your role as a citizen

Many Australian citizens go beyond the legal responsibilities they have as citizens, and help make the world a better place by contributing to their community on a local, national and/or global level. They do this because they care about the community they live in and believe they have a social responsibility to make it a better place.

Local citizens

At the local level, a citizen may give their time or resources to help others in need, such as by giving to a local charity or helping at the local school fete. For example, Ronni Kahn (see Source 9) founded OzHarvest in 2004 in Sydney. This charity collects quality, surplus food that would otherwise go to waste from places such as supermarkets, cafes, restaurants, hotels and airlines – and delivers it to charities to help feed people in need.

Regional citizens

A regional citizen may work at the national level to provide a better future for all Australians. One of the most common ways for regional citizens to achieve this is by supporting a charity or cause. Grace Tame is an example of an Australian citizen who has campaigned to raise awareness of sexual assault in Australia, after her own experience of being sexually abused as a teenager.

Global citizens

A citizen may act on the global level to help make the world a better place to live in. The late Fred Hollows is an example of a global citizen. He used his skills as an eye specialist to restore eyesight to thousands of people in Australia and in many other countries around the world.



Source 9 Ronni Kahn (right, pictured with federal Labor member of parliament Tanya Plibersek) started OzHarvest when she saw how much food was going to waste from her events business. With one van, she began delivering surplus food to charities to help feed people in need.



Source 10 In 2021, Grace Tame was named Australian of the Year for her work as an activist and advocate for survivors of sexual assault. Tame experienced sexual abuse as a teenager.



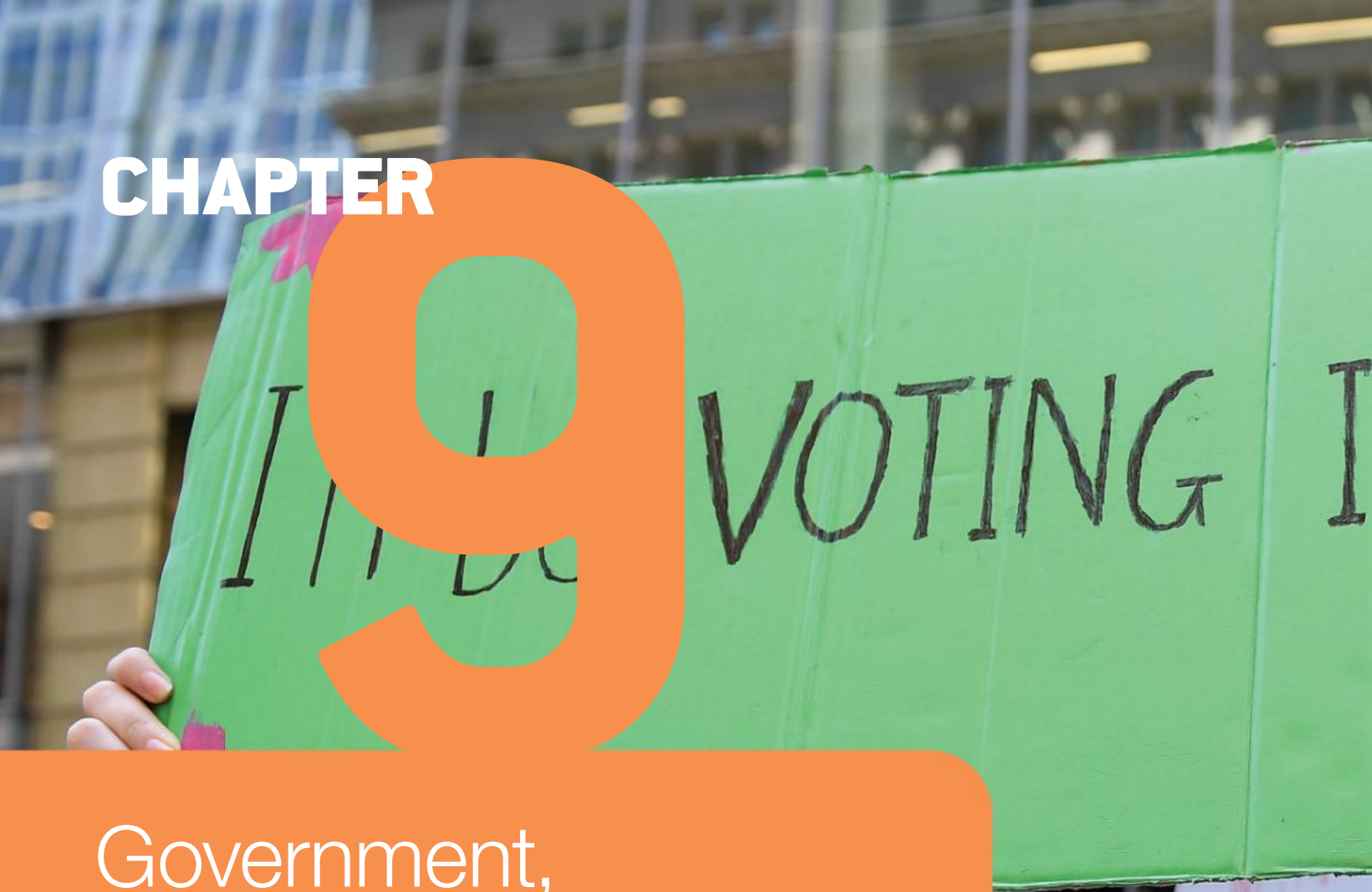
Source 11 Fred Hollows was known for working with people around the world to restore the eyesight of those who could not otherwise access corrective surgery.

Check your learning
Log onto your obook pro to complete the questions for topic 8.5.

CHAPTER 9

Government, democracy and the citizen

More than 16 million Australians are enrolled to vote in federal (national) elections. For many Australians, voting is more than just a legal requirement; it is an important civic duty and responsibility. The right to vote provides Australian citizens with the opportunity to have a say in who will run the country. It also helps ensure the views and values of the people are represented in parliament. The right to vote is a key feature that underpins Australia's democratic system of government.



Source 1 The right to vote is an important aspect of the democratic process.



9A

What factors influence Australia's political system?

9B

How do citizens participate in a democracy?

9.1 Living in a democracy

In this topic, you will:

- outline the features of Australia's democracy
- identify the democratic rights that are protected under Australian law.

Throughout the world, there are different types of political systems (or systems of government). In Australia, our political system is known as a **representative democracy**. This means that the people vote at **elections** for representatives or **candidates** to become members of **parliament**. Once in parliament, these members make decisions and laws on behalf of the Australian people. One key feature of our representative democracy is that elections are held regularly. This is important because if the elected representatives do not make laws that reflect the views and values of the majority of the people, they may not be re-elected.

Australia is also a **liberal democracy**. This means that, as a nation, we aim to protect a range of basic human rights and values that improve the well-being of individuals. For example, some of the democratic rights that are protected under Australian law include the right to vote and freedom of speech. Freedom of speech generally refers to the right of Australians to publicly state their views and opinions on a range of political issues without fear of being punished by the government for their actions (as long as their statements are not false, hateful or cause harm). Other liberal democratic rights and values are shown in Source 1.

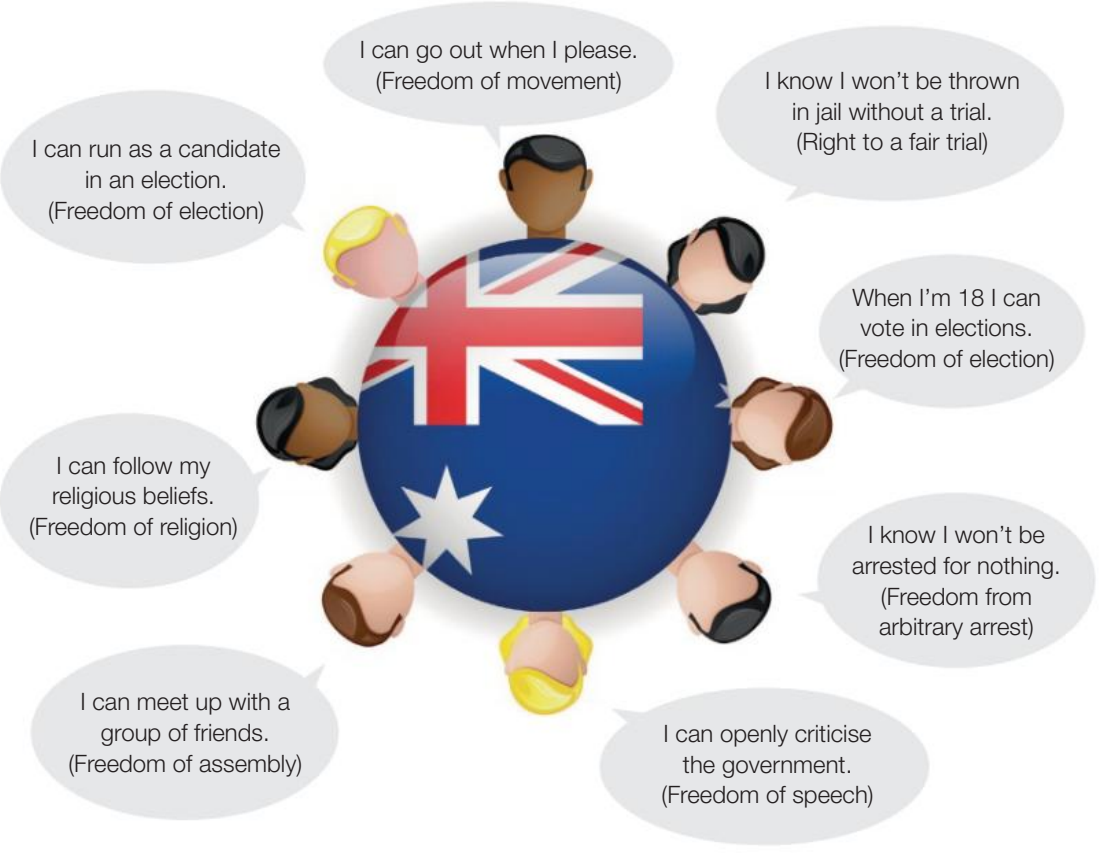
representative democracy
a political system based on citizens voting to elect representatives

elections
processes whereby the people are able to choose their representatives and members of parliament

candidates
members of political parties who are nominated to run for office in an election

parliament
an organisation that makes the laws in a country, often with a lower house to draft laws and an upper house to review the proposed law; in Australia, the monarch's representative (the governor-general) is also part of parliament and officially creates the laws

liberal democracy
a form of government in which sovereignty is vested in the citizens



Source 1 Liberal democratic values that we aim to uphold in Australia

CASE STUDY

The 2021 US Capitol riots

On 3 November 2020, the USA held a federal election. In the USA, federal elections are held every 4 years, giving Americans the opportunity to vote for new candidates to represent them in the US Congress, and for the president. Although the country was in the grips of the COVID-19 pandemic, a lot of work was done to make sure the election could safely be held. For example, many states allowed early voting and voting by mail.

While the results of this election were very close, the sitting president and leader of the Republican Party, Donald Trump, did not receive enough votes to be re-elected. Instead, the leader of the main opposing party (the Democratic Party), Joe Biden, received the most votes and was elected as the new president.

After losing the election, Trump and his team filed over 60 lawsuits to try to cancel Biden's victory. On 6 January 2021, a few weeks before Biden was due to be sworn in as the new president, Trump held a large rally in Washington, DC. He encouraged his supporters to march to the Capitol building, where the US Congress meets, to protest the way the election was held and its results. The protesters, some of whom carried guns, claimed that the election was not properly conducted and that the results were not fair. These claims were made without any clear evidence, and were supported by violence, destruction of property and threats to the lives of public officials. Five people were killed during the riot at the Capitol building.



Source 2 Supporters of former president Donald Trump on the steps of the US Capitol

9.1 CHECK YOUR LEARNING

Review and understand

1 **Explain** what is meant by the term 'representative democracy' and why holding regular elections is important in this type of political system.

2 **Outline** three important values of a liberal democracy.

Apply and analyse

3 **Examine** the case study on the 2021 US Capitol riots. Conduct further research if required to answer the questions below.

- a **Describe** the circumstances that led to the riots.
- b **Explain** two reasons why Donald Trump and some of his supporters claimed the November 2020 US election was unfair (or fraudulent).
- c **Describe** what happened in the months following the riots. In your answer, consider what happened to Donald Trump and the protesters who took part in the riots, how other nations reacted to the news of the riots and who ultimately formed the US government.

Evaluate and create

4 **Create** a poster that illustrates what you believe to be the most important liberal democratic values that are protected under Australian law.

See, think, wonder

Look at Source 2.

- What do you see?
- What do you think?
- What do you wonder?

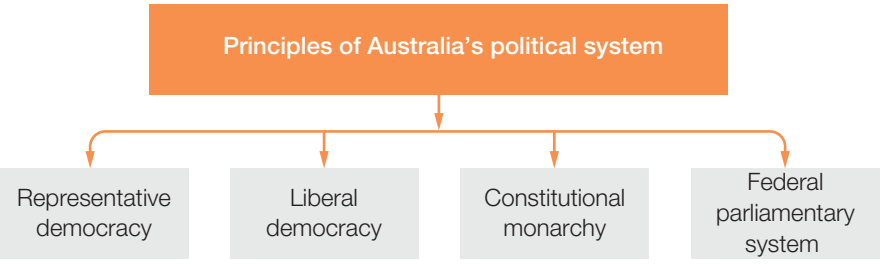
Key skill worksheet
Asking questions & conducting research: The 2021 Myanmar coup

9.2 Australia's political system

In this topic, you will:

- examine Australia's federal parliamentary system
- outline the features of a constitutional monarchy.

A political system is a set of principles, processes and laws that determine the way in which a country is run. In other words, a political system is the structure of government. The Australian political system is made up of a range of important features (see Source 3).

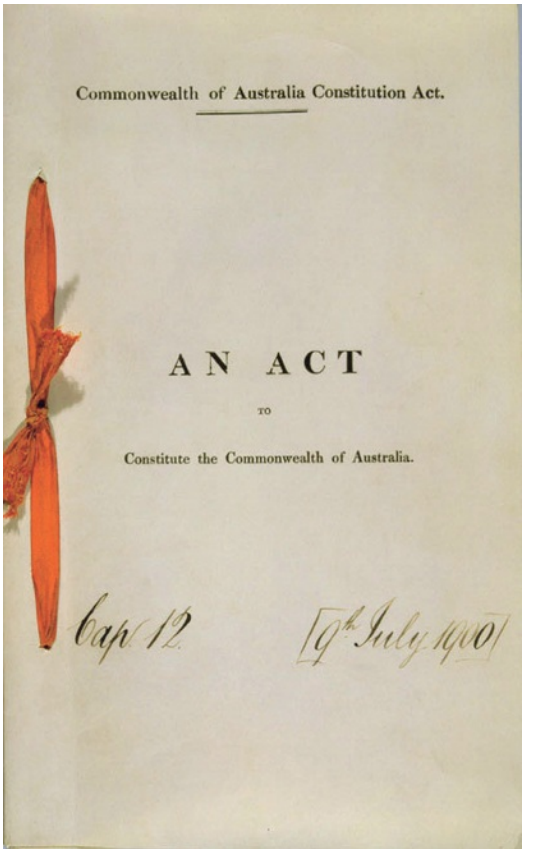


Source 3 Four key principles that underpin Australia's political system.

Constitutional monarchy

In addition to being a representative democracy and liberal democracy (see page 144), Australia is also a **constitutional monarchy**. This means that the reigning monarch of England (for example, Queen Elizabeth II) is our head of state. Although Australian citizens elect members of parliament to make laws on their behalf, any laws made by the parliament must also have approval from the reigning monarch of England. This approval (referred to as **royal assent**) is given by the governor-general, who is the queen's representative in the federal (national) parliament. The governor-general is appointed by the queen, on the advice of the prime minister, to represent her in the federal parliament. The governor-general performs many duties, such as appointing ministers and judges and giving approval on behalf of the queen for **bills** (or proposed laws) to become law after they have been passed by both houses of parliament.

The parliament gains its power to make law from a legal document called the **Australian Constitution** came into operation on 1 January 1901. On this day, Australia officially became one nation rather than a number of separate colonies under British rule. In other words, Australia's **federal parliamentary system** was created. Under this system, the responsibility to make and change laws is shared by one federal parliament and six state parliaments.


Commonwealth of Australia Constitution Act.

AN ACT

TO

Constitute the Commonwealth of Australia.

Cap 12 [9th July 1900]

Source 4 The Australian Constitution established a federal system of government.

constitutional monarchy
a political system in which a monarch (i.e. a queen or king) is the head of state and a parliament makes laws under the terms of a constitution

royal assent
the formal signing and approval by the governor-general (at the Commonwealth level) or governor (at state level) for a bill to become a law

bills
proposed laws that have not yet been passed by both houses of parliament

Australian Constitution
a document that describes the rules, or laws, that govern Australia; the Constitution defines the structure of government in Australia, and also the rights of citizens

federal parliamentary system
a political system where the responsibility to make or change laws is shared by one national (or federal) parliament and six state parliaments

Australia's federal parliamentary system

In Australia, our national parliament makes laws that apply to the whole of Australia. This includes laws on defence, immigration and trade. This national parliament is referred to as the federal (or Commonwealth) parliament and is located in Canberra.

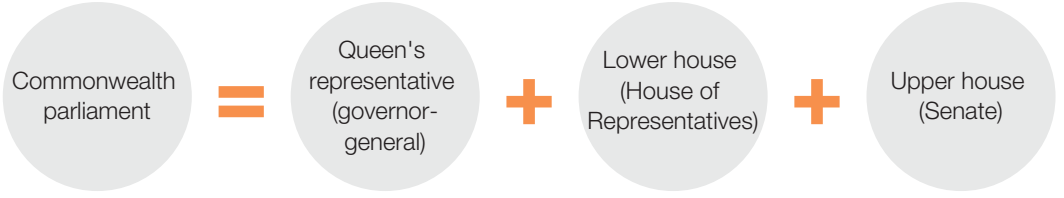
In addition to the federal parliament, each of the six Australian states and two territories also has its own parliament to make laws. Unlike the federal parliament, these parliaments only make laws that apply within the boundaries of their states or territories. This includes laws on education, public transport, law and order, and health. Like the federal parliament, the state and territory parliaments are elected by the residents of that state or territory.

Australia also has local (or municipal) councils that have the power to make laws on local matters. This includes making laws on rubbish collection, town planning and pet control. Local councils are also democratically elected by the residents in each local area. There are more than 530 local councils in Australia today, with approximately 55 per cent of them located in regional, rural or remote areas.

The structure of the federal parliament

In Australia the federal parliament consists of:

- the queen – who is the head of the parliament (or head of state) and represented by the governor-general
- two houses: a lower house and an upper house; each consists of elected representatives called **members of parliament** or parliamentarians.



Source 5 The structure of the federal parliament

members of parliament
individuals who have been elected by the people to represent their views and values in parliament

House of Representatives
the lower house of the national parliament

electoral divisions
geographical areas containing specified number of people who can vote in an election

political party
a group of people with similar views and ideas about how a country (nation), state or territory should be governed

coalition
two or more political parties that join together in an attempt to win an election and form government

absolute majority
the requirement of a candidate (or political party) to win over half the votes to be declared the winner of the electoral division (or form the government)

The lower house

The lower house of the federal parliament is called the **House of Representatives**. Since Australia's political system is a representative democracy, it follows that the members of parliament should represent the views and values of all Australians. To make sure that all Australians are represented, Australia is divided up into 151 geographical areas, known as **electoral divisions** (or seats). Each electoral division has roughly 100 000 voters. At election time, voters in each electoral division elect one representative who then becomes a member in the House of Representatives. It is fitting then, that the House of Representatives is sometimes called 'the people's house'.

Most of the members elected to parliament will belong to a **political party**. Members of a political party have similar ideas about how to best govern the country. In order to win an election, a party (or group of parties, known as a **coalition**) must win an **absolute majority** of seats in the House of Representatives. That is, at least 76 of the 151 seats in the House of Representatives must be won by the same party (or coalition) to form government.



Source 6 The Australian Parliament House in Canberra

prime minister
the leader of the political party that forms the government

Opposition
the second largest political party, or coalition of parties, after the government party in the lower house of parliament, which works to scrutinise and oppose government policies

The leader of the winning party (or coalition) becomes the **prime minister**. The leader of the party (or coalition) that has the largest number of seats but has *not* gained a majority in the House of Representatives is the leader of the **Opposition**.



Source 7 The House of Representatives in Parliament House, Canberra; the House of Representatives is also known as the lower house.

Source 7 shows the layout of seating in the House of Representatives. The government of the day is the party (or coalition) that has won the election, and therefore has permission to act and make law on behalf of the Australian people. Each newly elected government brings with it fresh ideas about how best to manage the country. By contrast, the role of the Opposition is to hold the government accountable for its actions. This can be done by questioning and scrutinising their actions.

Quiz me!
A quick quiz on Australia's political system

The upper house

Senate
the upper house in federal parliament

senators
individuals elected to the upper house of the parliament (the Senate)



Source 8 The Senate in Parliament House, Canberra; the Senate is also known as the upper house.

The upper house of our federal parliament is called the **Senate**. It was originally set up to protect the interests of the states. When the Australian Constitution was written, it was decided that each state should be equally represented regardless of its population size, so that the smaller populated states would still have a say in the parliament. Each state is represented by 12 **senators**. The Australian Capital Territory and the Northern Territory are represented by two senators each. In theory, senators are elected to represent the interests of their state; however, in reality they often belong to a political party and tend to vote in line with the views of their political party rather than in the interest of their state.

You might be wondering why the federal parliament consists of two houses of parliament, especially when the real action seems to take place in the House of Representatives where the government is formed. The Senate's purpose is to act as a 'house of review.' Any bills that are put forward by the House of Representatives are reviewed by the Senate. In this way, it is a house that checks and scrutinises what the government of the day is doing, and holds it accountable for its actions.

The difference between the parliament and the government

It is important to understand the difference between the terms 'parliament' and 'government'. As previously mentioned, the government is the party (or coalition) that has a majority of seats in the lower house. By contrast, the parliament consists of all the members who are elected to both houses of parliament, as well as the governor-general.



Source 9 The governor-general is the queen's representative in the federal parliament. General David Hurley became the governor-general in 2019.

9.2 CHECK YOUR LEARNING

Review and understand

1 **Define** the Australian Constitution in your own words.
2 **Explain** the purpose of the House of Representatives and the Senate.
3 **Outline** the features of a constitutional monarchy.

Apply and analyse

4 Refer to Source 7 and **explain** why, when all members are in attendance, there would be more people sitting on the government side of house than the Opposition side.
5 **Propose** (put forward) one possible strength of having a federal parliamentary system.
6 **Examine** the election results from the 2019 Australian federal election (below) and explain which party or coalition formed the government.

Australian Labor Party	68
Liberal/National Coalition	77
Greens	1
Katter's Australian Party	1
Centre Alliance	1
Independents	3

Evaluate and create

7 **Create** a collage that identifies at least three examples of laws that are made by each of the federal parliament, the state and territory parliaments, and local councils.
8 **Create** a diagram that illustrates the structure of the federal parliament. Search online to find some relevant images to support your diagram.

9.3

Political parties and policy developments

In this topic, you will:

- examine the role of political parties and independent representatives in Australia's system of government
- identify some of the factors that can influence party and government policies.

The federal parliament is made up of members from a number of different political parties, along with **independent** candidates (who do not belong to a political party).

independent
member of parliament who is not associated with a political party

Political parties

Political parties are made up of groups of people who share similar ideas about how their country or state should be governed. In Australia, two political parties dominate: the Australian Labor Party (generally referred to as Labor Party or the ALP) and the Liberal Party of Australia (referred to as the Liberal Party).

There are many other smaller political parties such as the Nationals and the Greens. The main purpose of the two major political parties is to win the election and form the government. Each political party puts forward its own candidates at election time; the party (or coalition) that wins over half of the seats in the lower house will form government. The Liberal Party and the Nationals often join forces in a coalition (partnership) to form government together. It is the government of the day that has the power to make important decisions about how our country is managed.



Source 10 Candidates from political parties put up posters outside polling booths on election day to encourage people to vote for them.

Labor

KEY PRINCIPLES

- Australia's oldest political party
- Believes that the government should play a strong national role
- Strives for a fairer Australia for all workers
- Tries to close the gap between the rich and poor so that wealth is more evenly distributed

LIBERAL

KEY PRINCIPLES

- Believes in the power of the individual and business to make their own choices and prosper
- Strives for less government control
- The Liberals and the Nationals join forces at the federal level so they have enough members to form government

The NATIONALS *for Regional Australia*

KEY PRINCIPLES

- Represents the interests of those Australians that live outside the cities in country Australia
- Believes in strong local communities, referring to themselves as the 'local champions'

Source 11 The Labor and Liberal Parties are the two dominant political parties in Australia today. The Liberal Party often forms a coalition with the Nationals in order to form government.

CASE STUDY

Why don't Australians want to party?

In the 1950s, both major political parties had around 350 000 members nationally. Although the Australian population has more than doubled since then, from 9.2 million in 1955 to 25.8 million in 2021, memberships to political parties have decreased. By 2020, the total membership between both major parties was around 115 000 people nationally. By contrast, the reigning Australian Football League Premiers (the Richmond Football Club and the West Coast Eagles) both had more than 100 000 members.

Despite the decline in party membership, evidence suggests that people *do* have an interest in political issues and debate. Political activist group GetUp claims to have over a million members. GetUp is not a political party, but a movement that aims to raise awareness of important political issues (such as the need for a safe and healthy climate, equality and justice for disadvantaged groups including refuges and asylum seekers, and a fair and honest democratic political system). Support for independent candidates has also increased over recent years.

So why is the membership of the two main political parties failing to keep pace with the increasing populations? Perhaps many people feel that they have their say at the polling booth, so why bother joining a party? Perhaps others feel dissatisfied with the current major political parties and would rather support one-off political issues than a party. Some commentators suggest that disputes between and within the major parties and a lack of action on major issues of importance, such as climate change and the treatment of asylum seekers, may be contributing to a general lack of trust in politicians.

There are more than 50 different political parties registered on the Australian Electoral Commission's website. Some parties have broad-ranging ideals, while others focus on fighting for specific causes.



Source 12 Many political parties exist within Australia.

The role of independents in parliament

Not all members of parliament belong to a political party – these members are called independents. Some independents may have belonged to a political party but were dissatisfied and so left the party to run as independent candidates. Independents often have views and values that differ from those of the main political parties. While independents can never form the government, they can play a very important and powerful role in the parliament – particularly if a major party relies on their votes to pass important laws.

Shaping and developing government policy

A **policy** is a statement of principles that aims to guide action that must be taken in the future. At a school level, for example, there may be an environmental policy that includes plans to recycle, reduce waste and reuse resources. Political parties develop policies that we usually learn about at election time. For example, at the time of the 2019 federal election, the Liberal Party announced their policy to increase funding to Catholic and independent schools, and spend more money on a strategy to improve mental health for young people. By contrast, the Labor Party promised to give lower income workers a bigger tax cut than the Liberal Party, and to focus on increasing funding to public schools and the TAFE/vocational training sector.

policy
a statement of principles to guide action for the future

The political party that wins the election and forms government must put their policies into action. By winning the election, the government of the day is said to have been given the mandate (permission) to implement the policies they promoted during their election campaign.

Various factors influence Australia's political system and impact upon government policy. Public opinion, the media and international pressures are just some of the factors that can influence party and government policies.

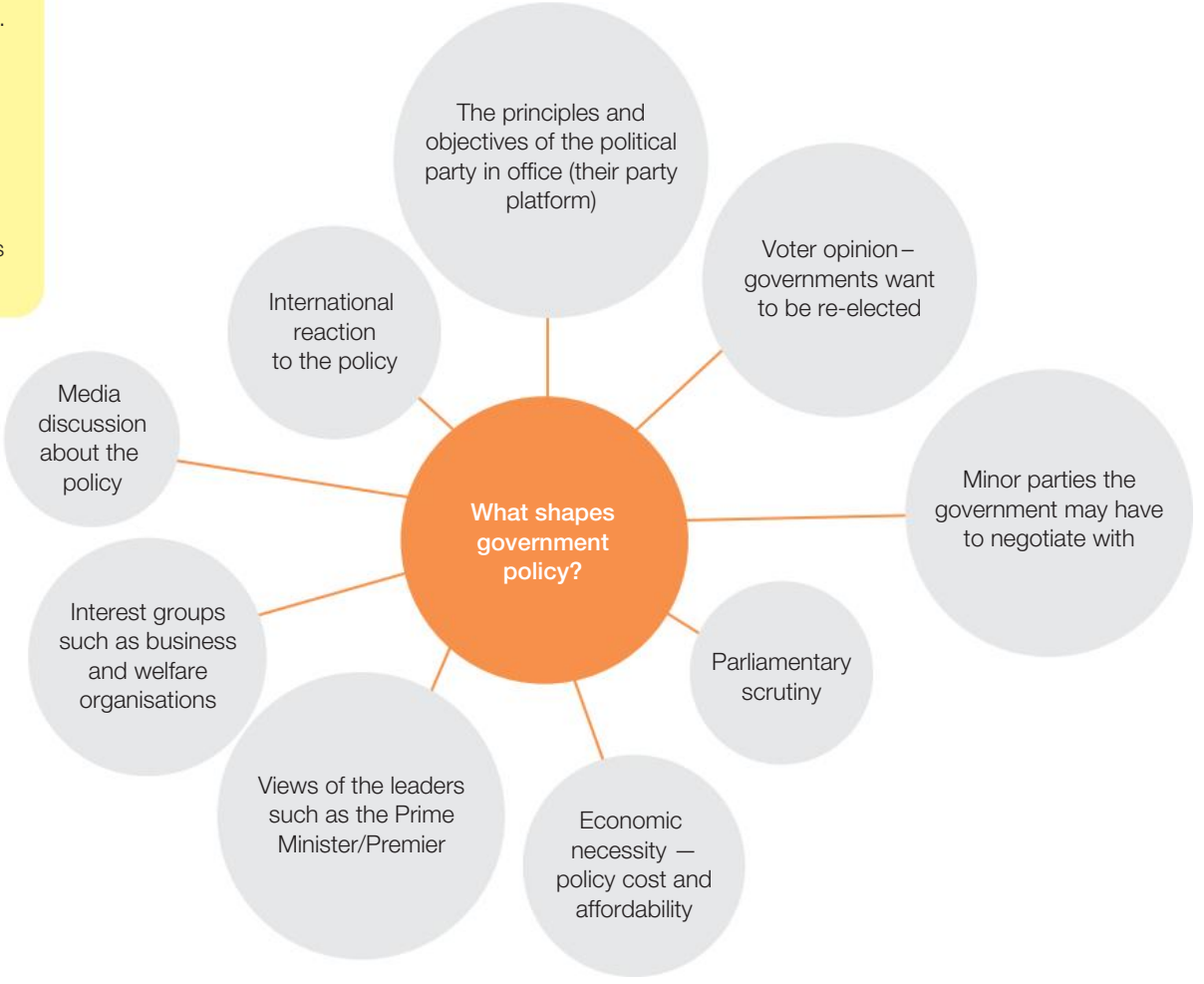
Source 13 shows factors that might influence government policy. Winning an election, though, does not mean that the government can simply set about implementing their policies without any interference. In order to implement many policies, new laws must be passed in parliament. If a government does not hold the majority of seats in the upper house (the Senate in the federal parliament), it will need to negotiate with independent senators, and senators from minor parties, to gain their support for the new legislation.

Key skill worksheet
Evaluating & decision making: Opinion polls

Opinion polls, media and interest groups also play a role in affecting government policy. For example, a discussion surrounding reform of our tax system and increasing taxes will normally result in business groups and community welfare groups commenting about the effects of the policy. International pressure or relations with other countries may also influence government policy. For example, in 2020–21, the Australian and Chinese governments became involved in a dispute that resulted in China banning the importing of a number of Australian goods including barley, beef, coal, sugar, wine, lobster and timber. These decisions forced the Australian Government to revise a number of trade polices. In 2020, governments all around the world were also forced to design new policies to deal with the impact of the global COVID-19 pandemic.

Think, pair, share

- Think about the factors that shape government policy shown in Source 13. Are there any you think should not be considered by governments when forming policy?
- Discuss your ideas with a partner.
- Share your thoughts with the class.



Source 13 Government policy is shaped by a number of factors.



Source 14 The President of South Korea meets world leaders via Zoom. Since 2020, governments around the world have been forced to implement new policies to deal with the massive impact of the global COVID-19 pandemic.

9.3 CHECK YOUR LEARNING

Review and understand

1 **Outline** the main aims of the two dominant political parties in Australia.
2 **Identify** at least two possible reasons why someone might want to join a political party.
3 **Explain** what a policy is.
4 **List** some of the factors that can influence party and government policies.

Apply and analyse

5 **Determine** (decide) whether you think the two major political parties always uphold their core values and beliefs. Give reasons for your view.
6 **Suggest** why membership of political parties is not as strong as it used to be.
7 Would you ever join a political party? Give reasons for your answer.

Evaluate and create

8 **Evaluate** the role of political parties and independent representatives in Australia's system of government. Remember, when you evaluate something you should talk about its strengths and weaknesses. Be sure to give your overall opinion.
9 **Research** the news stories of the day and give an example of an interest group that is seeking to influence government policy.
10 A list of political parties can be found on the Australian Electoral Commission's website. Choose three parties and explain in no more than two sentences each what the party stands for. Decide whether or not you would consider voting for each party. Give reasons to **justify** your choice.
11 **Discuss** some possible strengths and weaknesses of having only two dominant political parties. Create a table and categorise your ideas under the column headings of 'pros' and 'cons'.

Weblink
Current register of political parties

9.4 Election time

In this topic, you will:

- examine how citizens' choices are shaped at election time
- examine the role of the media in influencing voter behaviour.

The lead-up to an election is an important time for political parties and independents to persuade the voting public to vote for them on election day.

Factors that influence voter behaviour

Factors that can influence who individual members of the public decide to vote for include:

- the leader of the political party and their personal characteristics: personality rather than political views and issues can sometimes influence voters. A leader that is likeable and has strong personal appeal among the voting public will increase their party's chances of winning.



Source 15 In 2020, Jacinda Ardern became the most popular New Zealand prime minister in over 100 years with an estimated 60 per cent approval rating.

- important issues: voters may be influenced by important short-term issues that affect them personally. These issues may include health care, housing, social welfare, workplace issues and the cost of education. Longer term issues such as the environment, climate change and the treatment of people in minority groups, like Aboriginal and Torres Strait Islander peoples and asylum seekers, can also affect voter choice.
- the past record and competence of the government: if the government of the day is viewed as having made good decisions in the past and managed the country well, they are more likely to be re-elected.
- the performance of the Opposition: an Opposition that has raised and highlighted the ways in which the current government has mismanaged things, and offers a better alternative to governing, may gain voter support.
- party loyalty: some voters will always vote for the same political party at each election, no matter what. Sometimes this party loyalty can be influenced by their family members or their area of employment.
- media exposure or representation: what we read, see and hear in the traditional media and social media can greatly affect our vote. Media can influence our views on political, social and economic matters, and political candidates and parties. Unfortunately, the media may not always present information in an unbiased (fair) way. Sometimes information is presented in a manner that reflects the political views and interests of their owners.
- a good campaign strategy: it is important at election time that political parties have a plan to ensure they deliver their policies in a way that will be understood, and appeal to, a wide variety of voters.

Social media
Use Twitter, YouTube, Facebook and Instagram to communicate with voters.

Traditional media
Use television and radio interviews, the evening news and newspapers to communicate with voters.



Face to face
Get out and talk to the voters!

Advertise
Capture attention with catchy slogans, jingles and close-up messages from the leader. Expose your opponents' weaknesses.

Source 16 An election campaign is a contest where political opponents battle it out to win the support of voters. Political parties and individual candidates use different strategies to communicate with voters.

Campaign strategies

Political parties and independents use many different campaign strategies to gain voter approval. The four main campaign strategies are summarised in Source 16.

Will you enrol to vote?

CASE STUDY

In December 2020, approximately 590 000 eligible voters (citizens aged 18 years and over) were not enrolled to vote. Based on past estimates, most of these people will be aged under 40 years. The good news for our democratic political system is that while a large number of people aged under 40 years may not enrol to vote, a record number of young people aged between 18 and 24 years (i.e. approximately 89 per cent of eligible voters in this age bracket) enrolled to vote in the 2019 federal election.

In addition to the rise in young people enrolling to vote, it appears that young people are becoming increasingly interested in political and social issues, with a 2016 survey by the Australian National University indicating 22 per cent of young people reporting to have shared unofficial political commentary online in a 1-year period.

Young people, however, appear to be more interested in single political issues rather than aligning themselves with one particular political party. They are sometimes referred to as 'swinging' voters, who may change their vote depending on their concerns about specific issues, rather than remain loyal to a political party.

Some of the top issues for young voters include:

- climate change and environmental issues
- housing costs
- mental health support
- education
- transport
- human rights issues (including recognition for Aboriginal and Torres Strait Islander peoples and LGBTQIA people, and refugee and asylum-seeker rights).



Key skill worksheet
Analysing sources: Media influence on voters

9.4 CHECK YOUR LEARNING

Review and understand

1 Identify and **summarise** three factors that can influence voter behaviour.

2 **Outline** the role of the media in influencing voter behaviour.

3 Imagine you are able to vote in the next federal election. **List** five issues that would be important to you when deciding which political candidate to vote for.

Apply and analyse

4 Identify the four main campaign strategies used by political parties and **analyse** how these strategies influence citizens' choices at election time. Remember, when you analyse something you must break it down into smaller parts and explain how they relate to each other.

5 **Examine** the case study 'Will you enrol to vote?'.

a **Suggest** reasons why young people aged 18–24 are becoming more interested in political and social issues.

b Will you enrol to vote? **Justify** (give reasons for) your answer.

Evaluate and create

6 Imagine you are in charge of running an election campaign for someone who is running as a candidate in the upcoming federal election. **Create** a campaign strategy using Source 16 as a guide. Go further and create a political advertisement either in print or video.

9.5 Counting the votes

In this topic, you will:

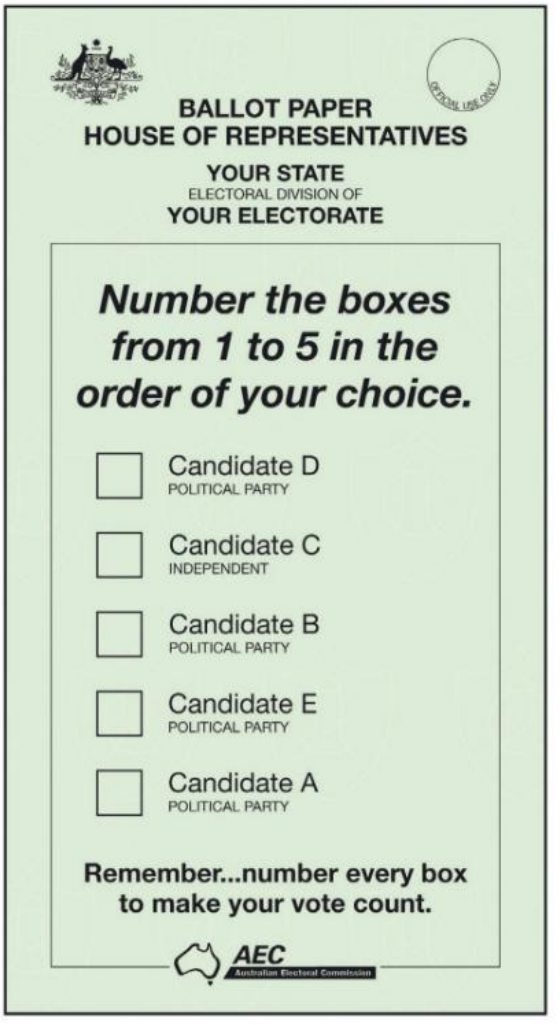
- examine how the preferential system of voting works
- explain how to cast a formal vote in the House of Representatives and the Senate.

In Australia voting in federal, state and territory elections is compulsory and any eligible people who fail to vote may be fined. Voting is by secret ballot; no one has the right to know who someone voted for.

The Australian Electoral Commission is the organisation that is responsible for making sure Australians are informed about enrolling to vote and voting. The also run the federal elections and make sure they are fair.

Voting in a federal election: the preferential voting system

Upon entering a polling booth to vote in a federal election, voters are given two ballot papers to record their vote. One ballot paper, coloured green (as seen in Source 17), is used for electing one member of the House of Representatives; the other, coloured white, is used to elect senators to the Senate.



Source 17 A House of Representatives ballot paper

In Australian federal elections we use a **preferential system of voting**, which requires voters to *either* indicate their preference for every candidate on the ballot paper *or* indicate a specific number of preferences.

preferential system of voting
a voting system that provides multiple counts of ballot papers to determine who has gained an absolute majority of total votes

To cast a **formal vote** or valid vote for the House of Representatives, voters must indicate their preference for *every* candidate on the ballot paper. For example, they must mark '1' in the box next to their most preferred candidate, '2' in the box next to their second choice, '3' in the box next to their third preferred candidate and so on, until all candidates have been ranked from most to least preferred on the ballot paper. If a voter does not follow this procedure, the vote will be considered an **informal vote** and won't be counted.

formal vote
a valid ballot paper that has been correctly completed in accordance with the instructions

informal vote
an invalid ballot paper that has not been completed in accordance with the instructions and therefore not counted in the final vote tally

To cast a formal or valid vote for the Senate, voters must indicate their preference for *a specified* number of candidates on the ballot paper. This can be done in two ways. For example, voters can mark their preferences numbered from 1 to at least 6 in the boxes 'above the line' (although they can number all boxes above the line), or alternatively, they can number their preferences for candidates from 1 to at least 12 below the line (but they can number all boxes below the line if they wish).

Counting the votes in the House of Representatives

In order to win a seat in the House of Representatives, a candidate must receive an absolute majority of the votes; that is, 50 per cent of the votes plus one. If a candidate receives 50 per cent or more of the first preferences, they are elected straight away. If this does not occur, then the candidate with the fewest first preferences is eliminated and the second preferences on those ballot papers are distributed to the other candidates. If after this there is still no clear winner, the next candidate with the least number of votes is eliminated and their preferences are distributed. Members of the House of Representatives are elected for a term of 3 years.

Counting the votes in the Senate

Senators are elected for 6 years. At election time, only half the positions in the Senate become vacant. After the election, half the Senate will consist of newly elected senators and the other half is made up of senators who are halfway through their 6-year term. The aim of this rotating system is so that the Senate reflects the view of voters at different times.

Counting the votes in the Senate is more complex than counting the votes in the House of Representatives because the preferential voting system used in the Senate (which is slightly different from the one used in the House of Representatives) allows for ballot papers to be counted a number of times to determine which candidates achieve the required **quota** of formal votes to be elected.

quota
in a Senate election, the number of votes a candidate must receive before they are elected

9.5 CHECK YOUR LEARNING

Review and understand

1 **Explain** what is meant by the 'preferential voting system'. How does it work?

2 **Identify** the consequences of failing to vote in a federal or state election in Australia.

Apply and analyse

3 **Calculate** which of the candidates below has won their seat in the House of Representatives election. Assume for simplicity that there are only 100 voters in the electoral division and no informal ballots are cast.

Evaluate and create

4 **Research** Australia's preferential voting system. Explain one strength and one weakness of this system of voting.

5 Research and **evaluate** one argument for and one argument against compulsory voting in Australia.

Candidate	Rachael	Isabelle	Tony	Aditi
First preferences	40	31	15	14
Second preferences	• Isabelle 15 • Tony 15 • Aditi 10	• Rachael 20 • Tony 10 • Aditi 1	• Rachael 5 • Isabelle 5 • Aditi 5	• Rachael 11 • Isabelle 2 • Tony 3

I used to think, now I think
Reflect on the way lower-house votes are counted to determine the government and complete the following sentences.
- I used to think …
- Now I think …

What has changed your understanding of how the government is elected?

Quiz me!
A quick quiz on vote counting

9A RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Political cartoons

Political cartoons are drawings that attempt to make a statement or deliver a message about political, economic and social issues, such as the way a country or state is governed, the people involved in government and matters of public concern. They often involve the portrayal of people, and political and social events in an exaggerated or humorous way. Political cartoons have been around for over a hundred years; the term was first used in a British publication called *Punch* in the 1840s.



Source 18 Many people feel that new leaders come into power – making promises and making the public feel hopeful – only to fall into the same pattern as disappointing leaders before them.

Over the years many historical and political figures including US presidents (from Theodore Roosevelt in the early 1900s to Donald Trump and Joe Biden more recently) and Australian prime ministers (from our first prime minister, Sir Edmund Barton in 1901, to Scott Morrison in 2021) have all been subjects of political cartoons. Throughout history, political cartoons have served a number of purposes, including criticising government policies and raising awareness of the need to change the law. Cartoonists are often able to simplify complex issues of public interest and concern and encourage people to consider alternative viewpoints.

Political cartoonists can also provide some light relief to voters because they often use humour to comment on political, economic and social issues. Behind the humour, though, there is usually a serious message. Political cartoons appear in newspapers and magazines, and online.

KEY SKILL
Analysing sources

Analysing political cartoons

Political cartoonists use a variety of techniques to get their message across. Some of these common features include:

- exaggerated features, where a person's physical features are exaggerated or 'caricatured' to make them look a certain way; for example, a politician with a naturally big nose might be drawn with an enormous nose
- metaphor, where a parallel is drawn between two things that are different: for example, representing a stubborn person as a mule
- symbolism, where the cartoonist uses objects that stand for a larger concept or idea; for example, a dove representing peace
- irony, where the cartoonist shows the difference between the way things are and the way things should be.



This is common in political cartoons because politicians often make statements that the average person finds to be 'out of touch'; for example, former president Donald Trump claiming that the USA will crush the COVID-19 virus (see Source 19) when they were in fact experiencing one of the highest infection rates of the virus in the world.

When analysing political cartoons, follow these steps:

Step 1 Identify the date when the cartoon was first published and the title of the cartoon or its caption if it has one.

Step 2 Look at the cartoon and identify what is happening without trying to understand or interpret it.

Step 3 Identify the political event or issue being shown in the cartoon. Look for visual clues to help you.

Step 4 Look for any symbols, metaphors and caricatures that give further clues to the cartoon's meaning.

Step 5 Identify the method the cartoonist has used to bring our attention to the issue. Have they used humour? Is there a serious message the cartoonist is trying to convey behind the humour, and if so what is it? Do you agree with the message?

For more information on this key skill, refer to page 137 of 'The civics and citizenship toolkit'.

Step 3 The term 'crush' is in capital letters. By doing this, the cartoonist is trying to get the audience to focus on the word 'crush'. 'Crush' is a word that has connotations of force, damage and destruction. It is a lot stronger than other words that could be used, such as 'overcome', 'beat' or 'control'. 'Crush' tells the reader that Trump believes the USA can destroy the COVID-19 virus. However, the background of the image suggests the opposite.

Step 2 President Donald Trump is at the centre of the cartoon. This tells us he is the topic of the cartoon on which the artist is commenting. The other main focus is the COVID-19 virus, represented in the speech bubble and the background.

Step 4 The cartoonist has used exaggerated features to portray Trump. His skin is a fluorescent orange colour. His mouth is rounder to look like he is shouting. His head is also much larger than his body and hands. These exaggerations make Trump appear obnoxious and comical, which tells the reader he is not to be believed.



Step 5 The cartoonist has shown the irony of Trump's claims that the USA will crush the COVID-19 virus in many ways. First, the flags that cover the background suggest that the COVID-19 virus is now a part of American life. Second, Trump has been drawn with no eyes, suggesting that he is 'blind' to the reality of the devastating virus. The cartoonist has used two recognisable symbols: the COVID-19 virus icon that represents the virus; and the American flag, which represents freedom and democracy for the American people. By combining these two symbols, the cartoonist suggests that those two things – the COVID-19 virus and the USA – have become inseparably linked.

Step 1 The cartoon has the date marked, which tells us it was drawn in August 2020.

Source 19 A political cartoon may be analysed by following the steps outlined.

Practise the skill

1 Visit some online news sites and find a cartoon on a current political issue. **Analyse** the cartoon following the steps above.

Extend your understanding

1 **Create** a political cartoon of your own about a current political event by following these steps.

a **Research** the current political event that you have chosen. Create a short list of 'central facts' that you need to know to draw the cartoon.

b Think of images that might help you illustrate your point. Think about how you will make people laugh. Consider using symbols, metaphors and caricature.

c Roughly sketch out the idea and check whether it works. Is the message too easy or too difficult to interpret?

d Adjust your image, and create a final copy.

9.6 Understanding citizenship in a diverse and globalised society

In this topic, you will:

- explore the rights and responsibilities of being an Australian citizen
- outline how citizens may participate in society on a local, national or global level.

Look around you. Your classroom is most likely filled with students from a range of different cultural or ethnic backgrounds. There are probably also students who have different beliefs and customs from you. This difference is often referred to as **diversity**. Modern Australian society is very diverse. A diverse society can also be referred to as **pluralist society**. A range of different people can coexist peacefully despite their different lifestyles, cultures and beliefs. Pluralist societies depend on citizens to respect this difference while obeying the laws and democratic beliefs of that country.

diversity
a group or society consisting of a range of people who have different racial, cultural, religious and socio-economic backgrounds, lifestyles and life experiences

pluralist society
a cohesive society or community in which a number of people with different racial, cultural, religious and socio-economic backgrounds live together in a peaceful and united way

Australian citizenship

One way to understand what Australian citizenship means is to look at a person's legal right to live in Australia and the responsibilities and privileges each citizen has. The other aspect of being an Australian citizen is the social responsibility we have to members of our community. In a legal sense, all Australian citizens have responsibilities such as:

- obeying the law
- enrolling to vote, and voting in, federal, state and territory, and local elections once they are aged 18 years
- serving on a jury if asked
- defending the country should the need arise.



Source 1 Citizens can participate in their society in many different ways: locally, nationally and globally.

Australian citizens also enjoy certain privileges that include being able to vote for members of parliament to represent their views, and being able to stand for election to parliament. Other privileges include being able to apply for an Australian passport to enter and leave the country freely, and knowing that they are entitled to receive official help from the Australian Government, if it is needed, when in another country. People who are born overseas generally need to meet a number of criteria and pass a citizenship test before being granted Australian citizenship.

Quiz me!
A quick quiz on citizenship

Volunteering in Australia

More than six million Australians volunteer their services to help others each year. Volunteers receive no monetary payment in return for contributing to their communities.

There are many different types of non-government organisations that provide opportunities for people to volunteer their services. Some of these organisations may be religious, such as the Salvation Army, while others may have no religious connection at all. A website called GoVolunteer lists nearly 600 volunteer organisations helping people find the right volunteer to work for them.

Source 2 shows two past recipients of the Australian of the Year Award. Rosie Batty was awarded Australian of the Year (in 2015) for her work campaigning against domestic violence after the death of her son, Luke, and has continued her valuable work in this area since receiving the award. Adam Goodes, a former AFL player, was awarded Australian of the Year (in 2014), for his work in the community and with troubled youth. Since receiving this award, Mr Goodes has made a significant contribution to society by raising the awareness of the need for Australia to address racism and improve the lives of Aboriginal and Torres Strait Islander peoples. Together with former AFL teammate Michael O'Loughlin and businessman James Gallichan, he has established an organisation called Go Foundation that focuses on promoting education, employment and healthy lifestyles for Aboriginal and Torres Strait Islander peoples.



Source 2 Past recipients of the Australian of the Year Award, Adam Goodes and Rosie Batty, continue to make a significant contribution to the Australian community.

Global citizenship

A global or world citizen sees their place in the global or world community rather than just belonging to their local community or country. Many global citizens see themselves as being part of the same club that all people are in because they are part of one human race. Environmental issues such as climate change, human rights issues such as child labour, and economic and social issues such as poverty are world issues that require a response from people everywhere in the world.

Weblink
Department of Home Affairs

9.6 CHECK YOUR LEARNING

Review and understand

1 **Outline** how citizens may participate in society on a local, national or global level.
2 **Outline** what privileges are enjoyed by Australian citizens.

Apply and analyse

3 **Explain** two factors that you think have increased our sense of global connectedness.
4 **Propose** (put forward) two problems that might arise from increasing global connectedness.
5 **Determine** (decide) whether or not you believe people from overseas should be required to pass the Australian citizenship test before being granted citizenship.
6 Go to the Australian Government Department of Home Affairs website (there's a link on your obook pro) and enter 'Australian citizenship practice test' in the search menu. Complete the 'practice test'. **Describe** your experience.

Evaluate and create

7 **Research** a human rights campaign such as one of the End Poverty campaigns, the Live Below the Line challenge, the Human Rights Campaign (relating to achieving a world where every member of the LGBTQIA community has the freedom to live with equality under the law) or Reconciliation Australia (which promotes respect, trust and positive relationships between Aboriginal and Torres Strait Islander peoples and the wider Australian community). Describe some of the methods used to create change for the better.
8 Which of the following quotes do you most agree with? **Justify** (give reasons for) your answer.

'I am a citizen of the world' – Diogenes Laertius, Greek philosopher (220 CE).

'I am not a citizen of the world. I think the entire concept is intellectual nonsense and stunningly dangerous!' – Newt Gingrich, American politician

9.7 Diversity and identity in Australia

In this topic, you will:

- understand the nature of cultural diversity in Australia
- examine the stereotypes surrounding Australian identity.

A pluralist society is one where difference is respected. This difference, sometimes referred to as diversity, means that not everyone is the same. When you apply this concept to Australia, it is clear our nation consists of a diverse mix of people who have different racial, cultural, religious and socio-economic backgrounds. Difference is also prevalent when you consider people's gender, disability, sexual preference and lifestyles.



Nearly half (49%) of the Australian population is born overseas or has at least one parent who was born overseas.



Nearly one-third (30%) of the Australian population is born overseas.

Source 3 According to the Australian Bureau of Statistics, nearly half of the people living in Australia were born overseas or have one parent who was born overseas.

Australia's cultural diversity

Approximately 26 million people are living in Australia today. Aboriginal and Torres Strait Islander peoples, who are the original inhabitants of Australia, make up approximately 3.3 per cent of the population. The rest of the population is made up of migrants or their descendants.

Analyse this!
Diversity in Australia

CASE STUDY

Do we always respect diversity?

While Australia is generally a cohesive society, sometimes diversity is not respected and people become victims of race-based abuse and attacks. One of Australia's most shameful racial attacks occurred on 11 December 2005. It is generally believed that thousands of people gathered on the beach after a large number of text messages calling for a 'wog-bashing day' were shared by a group of people who identified themselves as 'patriotic Australians'. While the riot was over in a short space of time, it demonstrated the racial tension that exists in some parts of the Australian community.

Although there has not been a similar large-scale racist-fuelled attack in Australia since the Cronulla riots, incidents of race-based attacks are reported to the police each year. In 2020 the Australian Human Rights Commission released a report stating that one in five Australians claim they experience racism each year. There was also an increase in anti-Asian racism and street harassment seemingly spurred by the COVID-19 pandemic.



Source 4 A man being attacked during the 2005 Cronulla race riots

The first migrants to Australia came from Great Britain, establishing the first European colony at Sydney Cove in 1788. Since then migrants have come to Australia from approximately 200 countries, making us a culturally diverse nation with people from many different cultural backgrounds. While most Australians celebrate our diversity, it can lead to racial **discrimination** – see the case study.

discrimination
treating, or proposing to treat, a person or group of people unfavourably because of personal characteristics such as gender, age, race, disability, physical features or political beliefs

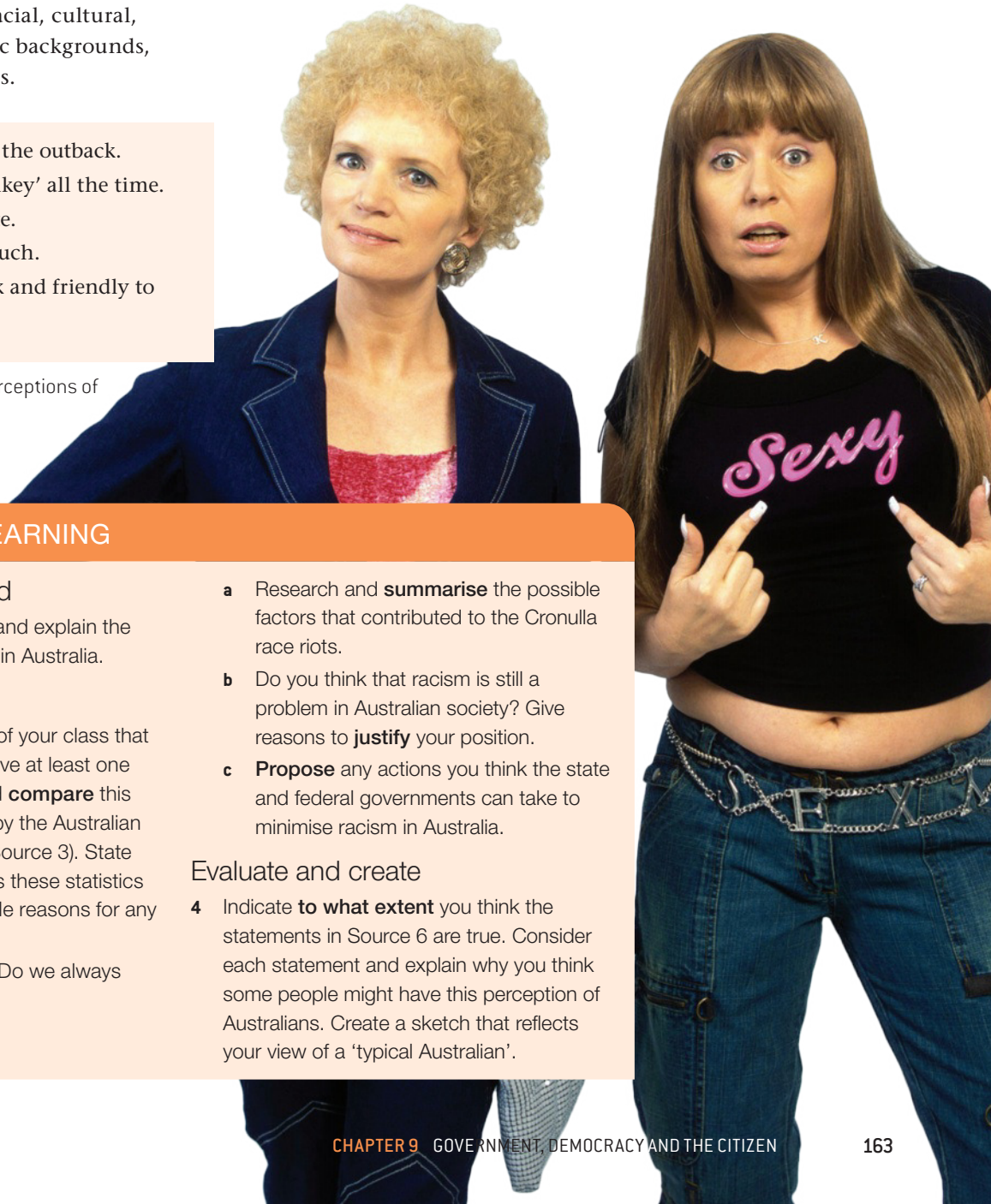
Australian identity

It is difficult to define what a 'typical' Australian is because of our cultural diversity. Each of us will also have a different idea about the unique characteristics that make us Australian – this is referred to as Australian identity. As illustrated in Source 6, there are many stereotypes about what the typical Australian is like. Many stereotypes are created because of popular films, television shows, news coverage and social media.

It is important for all people living in Australia to understand that Australia is a diverse and multicultural community composed of people who have different racial, cultural, religious and socio-economic backgrounds, lifestyles and life experiences.

1 Most Australians live in the outback.
2 Most Australians say 'crikey' all the time.
3 Australians like Vegemite.
4 Australians drink too much.
5 Australians are laid-back and friendly to everyone.

Source 6 Some stereotypical perceptions of Australians



Source 5 The TV comedy characters Kath and Kim display a stereotypical view of some Australians.

9.7 CHECK YOUR LEARNING

Review and understand

1 **Define** 'cultural diversity' and explain the nature of cultural diversity in Australia.

Apply and analyse

2 Calculate the percentage of your class that were born overseas, or have at least one parent born overseas, and **compare** this to the statistics gathered by the Australian Bureau of Statistics (see Source 3). State whether your class reflects these statistics and suggest some possible reasons for any similarity or difference.

3 **Examine** the case study 'Do we always respect diversity?'.
   a Research and **summarise** the possible factors that contributed to the Cronulla race riots.
   b Do you think that racism is still a problem in Australian society? Give reasons to **justify** your position.
   c **Propose** any actions you think the state and federal governments can take to minimise racism in Australia.

Evaluate and create

4 Indicate **to what extent** you think the statements in Source 6 are true. Consider each statement and explain why you think some people might have this perception of Australians. Create a sketch that reflects your view of a 'typical Australian'.

9B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Source 7 At the age of 15 years, Swedish-born Greta Thunberg became an environmental activist who has raised awareness of the need for immediate action on climate change.



The power of social media campaigns

Throughout history there have been notable leaders who have sought social and political change. Famous social activists who campaigned for social, political and legal change include Nelson Mandela, who fought to break the system of apartheid (segregation of people on the basis of race or ethnicity) in South Africa, and Mahatma Gandhi, who fought for India's independence. A social activist awakes the emotions of others in order to seek desired change. You may have heard of Greta Thunberg, who is a more recent example of an activist who has fought to raise global awareness, this time about the need for immediate action against climate change.

Agitating for change is what many volunteer organisations do, whether it is raising money for cancer research or ensuring poor people have access to food, shelter and clothing. Everyday people can seek change through volunteering their services.

In 2021, four impressive women (see Source 8) were recognised in the Australian of the Year Awards for their significant work to bring about social and legal change in Australia. Grace Tame (on the left) was recognised for bringing about legal change and raising awareness of the issues facing victims of sexual assault; Dr Miriam-Rose Ungunmerr Baumann AM (second from the left) was recognised for her work in promoting the welfare of Aboriginal and Torres Strait Islander peoples; Isobel Marshall (second from the right) was recognised for her work in improving the ability of Australian women from disadvantaged groups to access hygiene products (like tampons and sanitary napkins); and Rosemary Kariuki (on the right) was recognised for her work in assisting migrant and refugee women who face language barriers, domestic violence and financial problems.



Source 8 In 2021, Grace Tame, Miriam-Rose Ungunmerr Baumann, Isobel Marshall and Rosemary Kariuki were acknowledged in the Australian of the Year Awards for their work to bring about social and legal change in Australia.

KEY SKILL
Evaluating & decision making

Developing a plan for action to respond to a civics and citizenship issue

Have you heard of the saying, 'failing to plan is planning to fail'? Most of us understand that things don't just happen unless we have a plan. Planning takes some time at the beginning of a project, but once complete it provides important signposts to enable us to reach our goal. Follow the eight-step approach for developing a plan. If you need to, make a visual presentation of your plan by using a flow chart, a Gantt chart (a bar chart displaying a project's schedule) or a spreadsheet.

Step 1 Set a goal. What is the result you would like to achieve? Your goal, for example, may be to reduce your impact on the environment, help a charity or write a blog to raise awareness about the dangers of using a mobile phone while driving.

Step 2 Decide how you will measure success. You can measure success in many ways. For example, reducing your environmental impact might be measured by reducing the amount of non-recyclable garbage you generate. Helping a charity might be measured in dollars raised or time spent giving assistance.

Step 3 Establish tasks. List what you need to do in order to turn your goal into a plan of action. For example, tasks to reduce your impact on the environment may include installing a compost bin, growing your own food, not buying packaged foods, and using recyclable shopping bags.

Step 4 Prioritise tasks. Look through your list of tasks and rate them on a scale of 1–10 to identify the most important tasks.

Step 5 Break each task down into smaller tasks. For example, installing a compost bin may mean purchasing the bin first, deciding where it is best placed and then installing it in the garden.

Step 6 Add time frames for each task. This might involve estimating how much time each task will take and identifying a date when you could complete them.

Step 7 Allocate tasks. If you are working in a group, think about each member's skills and allocate jobs accordingly. Try to make sure workload is spread evenly.

Step 8 Monitor task completion. Regularly check the time frames you set in Step 6 to ensure you are on schedule.

For more information on this key skill, refer to page 139 of 'The civics and citizenship toolkit'.

Practise the skill

1 Develop a plan that responds to a civics and citizenship issue. Brainstorm what a civics and citizenship issue is. Think about whether there are any issues with regard to voting you would like to consider. For example, you might start a campaign to raise awareness about the importance of enrolling to vote. Remember that citizenship can include taking social responsibility, so think about something you feel passionate about, whether it is reducing your own environmental impact on the Earth, or simply doing something unexpectedly helpful for someone else in your community.

2 Use the eight-step approach for developing a plan outlined above and then, in consultation with your teacher, talk about putting that plan into action.

Extend your understanding

1 **Research** a person you admire who has campaigned for social, political or environmental change. Write a biography of them (about 500 words), describing their struggle and what they have achieved. You could choose from the following list or choose a different person.

- Nelson Mandela
- Mahatma Gandhi
- Mary Harris 'Mother' Jones
- Martin Luther King, Jr
- Eddie Mabo
- Greta Thunberg
- Shamma bint Suhail Faris Mazrui
- Malala Yousafzai
- Yara Shahidi
- Bob Brown
- Georgie Stone
- Bill or Melinda Gates

9 CHAPTER REVIEW

Review questions

9A What factors influence Australia's political system?

1 **Define** the term 'representative democracy'. (1 mark)

2 **Explain** how the media can influence the outcome of a federal election. (3 marks)

3 Identify two key democratic values. Do you think each of these values is upheld in Australia? **Justify** (give reasons for) your answer. (6 marks)

(Total: 10 marks)

9B How do citizens participate in a democracy?

1 **List** three legal responsibilities all Australian citizens have. (3 marks)

2 **Explain** what it means to live in a pluralist society. (3 marks)

3 **Describe** two ways Australian citizens can influence social or political change. Give an example of each. (4 marks)

(Total: 10 marks)



Review activity

Read the information below then answer the following questions.

Should the voting age be lowered in Australia?

One of the key skills you will need to develop to be an active and informed citizen is the ability to discuss social, political and legal issues. The task word 'discuss' requires you to give a reasoned argument for and against a particular issue. This may involve providing strengths and weaknesses. You may also provide your own opinion.

In 2018, Senator Jordon Steele-John of the Greens Party introduced into the federal parliament a proposal to lower the voting age from 18 years to 16 years. Under the proposal, in addition to retaining compulsory voting for Australian citizens aged 18 years and over, the law would allow young Australian citizens aged 16 and 17 years the option to vote in federal elections (i.e. voting for people aged 16 and 17 years would be voluntary). The proposal also suggested that, in preparation for voting, people aged 14 and 15 years should be able to enrol to vote. Currently a person must be aged 17 years to enrol to vote.

There are a number of reasons why many people believe the voting age should be lowered to 16 years, including that it would allow young people the opportunity to have a voice in the discussion of issues and challenges they will inherit from the older generations. For example, young people will be required to deal with the impact of climate change, rising house prices, increasing inequalities between the low and high income earners and rising government debt.

Many young people are also interested in and affected by social and political issues. For example, many are concerned about national and global social justice issues, including the need to recognise and improve the living standards of Aboriginal and Torres Strait Islander peoples, and treat refugees and asylum seekers with dignity and respect.

On the other hand, opponents of the proposed law argue that young people lack the life experience and maturity to be able to cast an informed vote, and can already participate in the democratic process in other ways, such as by joining the 'youth branch' of a political party or participating in political conventions made available to schools.

1 **Research** online to answer the following questions:
   - **a** Identify when the law in Australia was changed to lower the voting age from 21 to 18 years. **Explain** one reason why this change was made. (4 marks)
   - **b** **Identify** the most common voting age throughout the world. (2 marks)
   - **c** **List** three countries that have a minimum voting age of 16 years and three countries that have a minimum voting age of 21 years. (6 marks)

2 Research online to discover more information and opinions on lowering the voting age in Australia. **Discuss** whether the federal parliament should change the law to allow young people aged 16 and 17 years the option of voting in a federal election. (8 marks)

(Total: 20 marks)



Check your Student obook pro for these digital resources and more:

- **Student book questions** Chapter 9
- **Key skill worksheet** Communicating & reflecting: Chapter 9
- **Quizlet** Play a game of Quizlet on Government, democracy and the citizen.
- **Chapter review quiz** Chapter 9

CHAPTER 10

Australia's legal system

Laws regulate most of the situations we find ourselves in every day. Laws are formal 'legal rules' that are designed to govern the way in which people behave and act so we can all live in a peaceful and united society.

In Australia, our laws are made and enforced by a range of different bodies or authorities – including the courts, tribunals, parliaments and police – collectively referred to as the legal system or justice system. We have a legal system to make sure that laws are obeyed and the rights and responsibilities of all Australian citizens are respected.



» **Source 1** Under Australian law, citizens have the right to freedom of assembly and protest, which enables them to debate political issues and express their views without fear of being punished.



10A

What key principles support Australia's legal system?

10B

How does Australia's court system work?

10.1 Understanding laws and why we need them



In this topic, you will:

» discuss how laws are made and how they apply to our everyday lives.

Many aspects of our daily lives are regulated by **rules**. Almost every group to which we belong – our family, school, local sporting club, religious or community group – imposes rules. Likewise, as Australian citizens, we all have a responsibility to obey a more formal set of rules, known as **laws**. What is the difference between a rule and a law?

rules
regulations or guidelines imposed upon the members of a specific group so they can work together in a peaceful manner

laws
formal rules that are designed to govern the way in which people behave so we can all live together in one peaceful and united society

The difference between rules and laws

Rules

Rules are regulations or guidelines that are imposed upon the members of a specific group so they can work together in a peaceful manner. Here are some examples:

- Schools can require students to wear a uniform, and prohibit the wearing of jewellery and make-up.
- Parents can require children to undertake specific tasks or chores.
- Sporting clubs can require regular attendance at training sessions.

Whatever the rules might be, they are generally imposed to help establish a code of behaviour that is acceptable to the majority of group members. Any member who breaks a rule may incur a penalty imposed by the group. For example, a sporting club might suspend those who miss training sessions from participating in a scheduled game.

Laws

Laws (or legal rules) are similar to rules in that they also exist to regulate our behaviour. However, laws are made by official law-making authorities – such as parliaments, local councils and the courts – and apply to all members of society. Laws are enforced by the police and courts, and any individual who breaks a law may receive a penalty (referred to in legal terms as a **sanction**) such as being required to pay a fine or spend time in prison.

sanction
a penalty (for example, a fine or imprisonment) imposed on a person who has breached a criminal law

Why we have laws

Laws help establish boundaries of acceptable behaviour, so that all members of the community are aware of the types of conduct that will and will not be tolerated by the majority of people. The goal is for individuals to treat one another with respect and not undertake actions that violate the rights of others or threaten a peaceful way of life.



Source 1 Sporting clubs have established rules.



Source 2 A school imposing a uniform and appearance code is an example of a rule.



Source 3 Laws aim to protect specific groups within our community, including workers, consumers and children.

Laws also help maintain a unified society (also known as social cohesion) by preventing disputes from arising, and protecting individuals from harm. For example, many different laws exist in Australia to protect individuals and specific groups from danger and mistreatment, including consumer, workplace, family, environmental and child protection laws.

10.1 CHECK YOUR LEARNING

Review and understand

1 **Outline** why an organisation like a school or sporting club would impose specific rules on their members.

2 In your own words, **define** 'sanction'.

3 **Identify** two sanctions that could be imposed by a court in Australia.

Apply and analyse

4 In groups, brainstorm five laws that, as Australian citizens, you must obey. For each law, **propose** (put forward) why the law was probably made and the likely consequences of breaking the law.

5 Imagine you had the power to create or change three laws.

- **a** What laws would you create or change? **Justify** (give reasons for) your answer.
- **b** What groups may oppose your suggested law changes? **Justify** your reasons for the changes.

Evaluate and create

6 Divide into small groups or pairs and **create** a short role-play to compare rules and laws. Record or perform your role-play before the class and have your classmates identify the different rules and laws.

See, think, wonder

Look at Source 3 and think about the purpose of laws.

- What do you see?
- What do you think?
- What do you wonder?

Quiz me!

A quick quiz on understanding laws

10.2 How laws are made

In this topic, you will:

- explain the role of parliament in law-making
- explain the role of courts in law-making.

In Australia, laws can be made by a number of different bodies. For example, federal, state and territory **parliaments** can make laws, as can other legal authorities such as court **judges** and local councils.

The role of parliament in law-making

Most laws in Australia are made by parliaments. Laws made by parliament are called **statutes**, legislation or Acts of Parliament. A parliament is a group of people elected by the majority of society to make laws on their behalf. In Australia we have two levels of parliament – federal and state/territory. The federal parliament (also known as the Commonwealth Parliament), located in Canberra, makes laws that apply to the whole of Australia, while each state and territory also has its own elected parliament to make laws for that specific state or territory.

In addition to having the federal, state and territory parliaments making law, laws can also be made by other bodies (referred to as **statutory authorities**) such as local or municipal councils, Australia Post and VicRoads. Statutory authorities are created by parliaments to make minor laws on their behalf in a more timely and efficient manner. For example, the Victorian state parliament has given municipal councils the power to make a range of specialised laws that apply to local residents, such as laws relating to the use of parks and reserves; recyclable and garden waste; and barking dogs.

The role of courts in law-making

Judges in higher courts, such as the state Supreme Courts and the High Court of Australia, can also make laws on occasion. In simple terms, sometimes when a judge makes a decision to resolve a dispute, the reasoning behind their decision creates a **legal principle** that must be followed by judges in other courts when determining similar cases. Law made by judges is known as **common law**, which will be examined in more detail later.



Source 4 State parliaments have the power to make laws related to driving, health and education.

parliament
an organisation that makes the laws in a country, often with a lower house to draft laws and an upper house to review the proposed law; in Australia, the monarch's representative (the governor-general) is also part of parliament and officially creates the laws

judge
an impartial adjudicator whose role is to ensure proper processes are followed in court to ensure justice is upheld; they can also determine the outcome in trials that don't use a jury

statute
law made by parliament (also called legislation or Acts of Parliament)

statutory authority
a body or organisation that is established by parliament to make laws on its behalf

legal principle
a legal rule of law established by a judge

common law
unwritten laws that are based on legal precedents made by the courts



Source 5 Federal parliament has the power to make laws related to marriage, defence, currency and immigration. In 2017, the federal parliament passed a law to allow for marriage equality (i.e. to allow same-sex couples to marry).



Source 6 Judges in higher courts may, on occasion, make laws.

The rule of law

In Australia, all people, groups and organisations – including those legal authorities who make and enforce the laws – must obey the law. Indeed, one of the key features of the Australian **legal system** is that it is based on the **rule of law**, meaning that our laws apply equally to all individuals, groups and organisations throughout Australia and must be upheld by all. No person, even those who make the laws (such as politicians, judges and the police), is above the law and anyone who breaks the law can be held accountable. The rule of law also means that the law can only be enforced and altered by those with the legal authority to do so, like the parliaments and courts.

legal system
in Australia, it encompasses a range of organisations, including the courts, tribunals, parliaments, police and prisons

rule of law
the idea that everyone is equal before the law regardless of their power or status in society

10.2 CHECK YOUR LEARNING

Review and understand

1 **Identify** the two main law-making bodies in Australia.

2 In your own words, **define** 'statutory authority'. Give two reasons why these bodies are given the power to make laws on behalf of the parliament.

Apply and analyse

3 **Explain** the roles of the parliament and courts in law-making in Australia.

4 **Determine** which level of parliament – federal or state – would most likely make laws with respect to the following areas:
- **a** education
- **b** Australian citizenship
- **c** water supply
- **d** hospitals
- **e** postal services
- **f** asylum seekers
- **g** police force.

5 **Propose** (put forward) one benefit of parliaments making law.

Evaluate and create

6 **Research** your local or municipal council and list at least five laws made and enforced by this body.

7 **Create** a poster or collage that illustrates the main law-making bodies in Australia and provides examples of the types of laws made by each body.

8 Go to the Victorian parliament website and take a virtual tour of the Victorian Parliament (a link is provided on your obook pro). **Summarise** your experience of the tour in a few sentences.

Weblink
Victorian Parliament virtual tour

10.3 Australia's legal system

In this topic, you will:

» develop your understanding of principles of Australia's legal system.

Australia's legal system is made up of a range of courts and tribunals, laws, processes and legal personnel. This includes judges, magistrates, legal representatives (or lawyers) and the police.

The principles of our legal system

Our legal system is built on a number of key principles that are designed to help protect the rights of all Australian citizens.

Equality before the law

One main principle that underpins the Australian legal system is that all people must be treated equally before the law. This means no individual should be **discriminated** against (or treated with an advantage) on the basis of their personal characteristics or beliefs (such as their race, religion, gender, age, disability or sexuality) when dealing with the legal system. All people should also have an equal opportunity to access or use the court system to help resolve their disputes.

discriminated
when a person has been treated in a prejudicial or biased way or placed at a disadvantage based on a personal attribute such as their sex, race or religion



Source 7 Lady Justice wears a blindfold to symbolise the legal system is objective and impartial.

How is equality before the law achieved?

Ensuring all people are treated equally by the law does not mean that all people who have dealings with the police, courts and other legal authorities must be treated the same. Sometimes it is necessary to provide people who may be in a disadvantaged position with additional help or assistance to ensure they are treated equally. For example, to ensure equality before the law, people who do not speak or understand English, as well as people who have a hearing or speech impairment, should be provided with an interpreter when being questioned by the police or dealing with lawyers and the courts. Similarly, children aged under 18 years should have a parent, guardian or independent adult present when being questioned by the police to ensure they are not placed at a disadvantage due to their young age.

Key principles behind Australia's justice system

- All individuals are equal before the law.
- The judiciary (i.e. the court system) is independent and impartial.
- Individuals have the right to a reasonable appeal.

Source 8 Key principles of Australia's legal system.

Another way the legal system achieves equality before the law is by ensuring all people charged with committing a crime (e.g. assault, theft, selling illegal drugs and murder) have the right to a **presumption of innocence**, meaning they have the right to be treated as not guilty until proven guilty, from the moment they are charged with a crime until their court hearing or **trial**. This includes having the right to be free to return home and live within the community

presumption of innocence
the right of a person accused of committing a crime to be presumed and reasonably treated as not guilty unless proven otherwise

trial
the formal examination of evidence by a judge and jury in order to decide on the verdict

(referred to as being granted **bail**) prior to their court hearing or trial unless there is a genuine reason to deny this freedom. This refusal to grant bail could be made on the grounds that the court believes the accused person is a potential threat to the community and may harm other people if granted their freedom.

bail
an agreement to release an accused person into the community while awaiting trial

Who might be disadvantaged by our legal system?

Some groups in Australian society may be more likely to experience difficulty and be disadvantaged when dealing with the legal system. This includes:

- Aboriginal and Torres Strait Islander peoples
- people with diverse cultural backgrounds (such as migrants, **refugees** and **asylum seekers**)
- people who have a disability or mental health issues
- people in family violence situations
- the homeless
- young people
- people who cannot afford a lawyer.

refugee
someone who has been assessed as having been forced to flee their country due to war, persecution or natural disaster

asylum seeker
a person who seeks protection as a refugee who is waiting to have their application assessed

Cultural differences and language or communication barriers can make it difficult for people within these groups to navigate the legal system, and to interact or talk to legal authorities such as the police and court personnel. People with low incomes often cannot afford to pay a legal representative or lawyer to help them understand the legal system, and prepare and present their case to the court.

Given there are groups in our community that are at a disadvantage when dealing with our legal system, it is important that support services are available to them. One organisation that provides such support is Victoria Legal Aid – a government-funded but independent body that offers free or low-cost legal advice and lawyers to the most disadvantaged people throughout Victoria.



Source 9 Asylum seekers, refugees and migrants can be at a disadvantage when dealing with the legal system and often need legal support and assistance.

Key skill worksheet
Communicating & reflecting: Tougher laws for youth crime

An independent and unbiased judiciary

judiciary
interprets and applies the laws made by parliament; in Australia this role is fulfilled by the High Court and other courts

magistrate
an official who hears and judges minor cases or preliminary hearings

The Australian legal system is based on the key principle that our court system (known as the **judiciary**) is independent and unbiased. Being independent means that the courts are separate from the elected parliament and government, and the judges and **magistrates** are free to make decisions without these political authorities trying to influence them. Having an independent judiciary is an important feature of our legal system, as it means that no one, not even the prime minister or other members of the government, is above the law. It also prevents the government from influencing court decisions and enables the courts to check that the federal, state and territory parliaments do not misuse or make laws beyond their power.

Having an impartial judge sitting or presiding over a court case helps make sure that all court cases in Australia are conducted in a fair and unbiased manner. For example, the judge can ensure that both parties involved in a court case are treated the same and have an equal opportunity to present their case to the court. This includes having an equal opportunity to present evidence and question witnesses. Judges remain independent and unbiased throughout the entire court case and do not assist either party with the preparation and presentation of their case. This is so that neither party has an unfair advantage.

verdict
decision in a civil or criminal court case: guilty or not guilty

The judge also ensures each party follows the strict rules of evidence and procedures when presenting their case to the court. For example, parties can only present relevant and reliable evidence, so the **verdict** is based on appropriate and accurate information. This means



Source 10 Judges must remain independent and impartial in order to ensure a fair hearing or trial.

that parties cannot present gossip or 'second-hand' evidence that may be untrustworthy. Additionally, any past criminal record of the person accused is usually not to be used as evidence because it could influence the verdict.

The independence of our judiciary is also maintained by having our courts open to the people. Most court cases are open to the public and the media, which means the proceedings are transparent.

The right to appeal

In an attempt for cases to be resolved in a fair and unbiased manner, the Australian court system allows people who are dissatisfied with the outcome of their case to appeal (have their case reviewed by a higher court). This option is only available to a person if there are **reasonable grounds** for an appeal. For example, new evidence may have come to light that was not included in the first court case. Similarly, a party can appeal if they can show that their trial may have been unfair – for example, the judge did not ensure that the strict rules of evidence or procedure were followed.

reasonable grounds legal test that must be satisfied before an action can be taken

10.3 CHECK YOUR LEARNING

Review and understand

1 **Identify** three groups who may be disadvantaged by Australia's legal system.

2 **Describe** two features of the legal system that help ensure it is independent and unbiased.

Apply and analyse

3 **Explain** what is meant by the principle of 'equality before the law'.

4 **Propose** (put forward) two ways the Australian legal system achieves equality before the law, and two ways it fails.

5 **Examine** Source 7. Lady Justice is often used to represent law, order and justice.

- a **Identify** the items that Lady Justice is holding in her hands, and the item she is wearing on her face.
- b **Suggest** how each of these three items might represent the principle of justice.

Evaluate and create

6 In small groups, **discuss** whether or not a person who is charged with a serious crime – such as murder or serious assault – should be able to:

- a have access to an interpreter if their first language is not English
- b ask for help from the judge in preparing for their trial
- c not have any of their previous convictions (i.e. past crimes) mentioned during the trial.

7 Visit the Victoria Legal Aid website (a link is provided on your obook pro) and **create** a brochure that outlines some of the main services and assistance offered by this organisation.

Weblink
Victoria Legal Aid



10A RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Social media and the right to a fair trial

In a criminal trial, a jury of 12 randomly selected citizens determines whether the accused is guilty or not guilty. One benefit of having a jury of 12 ordinary people determine the verdict is that they will be able to reflect a range of different views and community values in their deliberations. Many also feel that it is fairer for the accused to be judged by their peers or a group of independent 'everyday people', rather a legal authority (e.g. a judge or panel of judges).

People who oppose the use of a jury, however, argue that jury trials can be unfair because individual jurors can use the internet and social media platforms (such as Facebook and Instagram) in a way that might impact their ability to remain impartial. A juror might conduct their own online research into the case they are hearing. Such investigations may affect the ability of the juror to determine the case based on the evidence presented and tested before the court. For example, in 2015 a Victorian judge had to abandon a trial that had been running for 5 weeks after it was discovered that two of the jurors had searched online for information about the accused.

Another problem with jurors conducting their own research into a case is that the internet and social media are often flooded with false information or unproven opinions. A juror may be biased by what they read, believing it to be true, although there is no actual evidence provided.



Source 11 People who oppose the jury system in criminal trials argue that social media platforms like Twitter and Facebook threaten the fairness of the trial by making information about court cases freely available to members of the jury.

KEY SKILL
Communicating & reflecting

Preparing a written critical evaluation of information and ideas

Being able to critically evaluate information and ideas is an important skill. It enables us to gain an understanding of views and opinions that may be different from our own, and develop empathy for people who hold and express these different views. By considering different perspectives, we are also able to avoid bias, and make more informed judgments about the topic we are researching.

When preparing a written critical evaluation (for example, an essay) you must provide more than an explanation of information or ideas. You must identify the key points of the issue, and assess their merits by explaining their strengths and weaknesses. Also, provide a concluding judgment about the overall benefit or worth of what you are evaluating.

Source 12 outlines the steps involved in preparing a written critical evaluation of a controversial issue.

For more information on this key skill, see page 140 of 'The civics and citizenship toolkit'.

	What you need to do	How to do it
Step 1 Gather relevant information.	Gather a range of relevant information from a variety of sources, including the internet, to examine the arguments *in support of* and *against* the issue.	Always check the reliability of the material you have gathered. Ask yourself, 'Where did this information come from?', 'Is it a reliable source?' and 'Why was the information created?'.
Step 2 Write an introduction.	Examine your information and prepare a written introduction that outlines the issue you are examining.	Your introduction should explain the issue and provide any relevant background information, such as why the issue has become controversial.
Step 3 Prepare the body of your response.	Include an examination of the key strengths and weaknesses associated with the issue.	Examine one strength and weakness at a time. Provide any relevant case studies, statistics or quotes to support each viewpoint.
Step 4 Write a conclusion.	After considering the different views and perspectives surrounding the issue, provide a conclusion.	Your conclusion should summarise the key points and include your own judgment based on the supporting evidence you have provided.

Source 12 Steps in writing a critical evaluation

Practise the skill

1 Prepare a written report (of around 500 words) to critically **evaluate** the following statement: 'The increasing use of the internet and social media threatens the ability of jurors to remain unbiased. As such, juries should be abolished in all criminal trials.' Prepare your written response by following the steps in Source 12.

Extend your understanding

1 **Research** online using key terms and phrases like 'Does social media influence the jury (or a fair trial)?' and 'strengths and weaknesses of the jury system'. Gather information about varying opinions on the issue, and come to your own conclusions by making a critical evaluation.



Source 13 High-profile court cases, such as the 2019–20 trial of George Pell, who was initially found guilty and then later acquitted of historical child sexual offences, attract great attention both in the mainstream media and on social media.

10.4 Types of legal disputes

In this topic, you will:

- discuss the most common types of legal disputes in Australia
- examine the types of offences heard by different courts in the justice system.

legal dispute
an argument or disagreement between two or more parties that is resolved by the legal system

criminal case
a legal dispute in which an individual who is accused of committing an illegal act that inflicts harm on another individual and/or society, is taken to court (prosecuted) by the government

civil case
a legal dispute between individuals (or groups) over an alleged breach of individual rights

The Australian legal system includes a range of courts that are used to resolve **legal disputes** that may arise between individuals, organisations and the government. These courts are overseen by independent magistrates and judges who are able to listen to both sides of a dispute and make a fair and unbiased decision.

There are two main types of legal disputes heard in Australian courts:

- **Criminal cases** – cases that involve an individual who has been accused of committing a crime. Criminal cases include murder, assault and sexual offences.
- **Civil cases** – cases that involve disputes between individuals and groups over an alleged breach of rights that has caused harm. For example, an individual seeking money to make up for injuries they have suffered due to another person's careless action.

It is important to understand the difference between criminal and civil cases because different legal processes and procedures are used when resolving each type of case.

Criminal cases	Examples
Summary offences (minor crimes heard by a magistrate)	Wilful destruction of or damage to property, disorderly behaviour and driving offences (exceeding the speed limit, driving an unregistered car)
Indictable offences (serious crimes that require trial by a judge and jury)	Murder, assault, rape, dangerous driving causing death, theft, home invasion, carjacking, drug trafficking
Civil cases	**Examples**
Matters involving disputes between individuals over an alleged breach of rights	Negligence, defamation, breach of contract

Source 1 Examples of criminal and civil cases



Source 2 A person who is found guilty of committing a crime, such as driving while under the influence of alcohol, may receive a penalty called a sanction.

Criminal cases

Criminal cases are those in which an individual (referred to as the **accused**) who has committed an unlawful act that inflicts harm on another individual and/or society is taken to court by the state or federal government. If an accused is found or pleads guilty to committing a crime, they may receive a penalty called a sanction. Types of criminal sanctions include fines (which require the offender to pay an amount of money to the court) and imprisonment.

accused
a person who has been charged with committing a crime

Types of criminal cases

Criminal offences – known commonly as crimes – are classified as being **summary offences** or **indictable offences**.

Summary offences are minor crimes that are generally heard in the **Magistrates' Court**. Common types of summary offences include minor theft and minor traffic offences, such as exceeding the speed limit.

Indictable offences are serious crimes that are generally heard in higher courts, such as the County Court in Victoria and the Supreme Court. Indictable offences include armed robbery (stealing or attempting to steal property using force such as a gun), drug trafficking, serious sexual offences, dangerous driving causing death, and murder. Cases in which an accused pleads not guilty to an indictable offence are heard before a judge and jury. The jury works together to determine the verdict of the case and the judge determines the sanction to be imposed if they find the accused guilty.

summary offence
a minor offence heard in the Magistrates' Court

indictable offence
a serious offence heard before a judge and jury

Magistrates' Court
the lowest ranked court in the Australian and Victorian court hierarchy; hears a wide range of criminal (and civil) cases including all summary offences

CASE STUDY

P-plate driver sentenced to 12 years' imprisonment

In 2020, a 22-year-old man was sentenced to 12 years and 9 months' imprisonment, with a minimum term of 8 years and 9 months, after pleading guilty to a number of charges. These included one charge of culpable driving causing death (which has a maximum penalty of 20 years' imprisonment) and two charges of negligently causing serious injury (which has a maximum penalty of 10 years' imprisonment). The term 'negligence' is used when a person fails to take proper care of something. In this case, the driver was charged with negligently causing serious injury because, as the driver of the car, he had a duty to take care of its passengers. Police charged the P-plate driver after he lost control of his motor vehicle while approaching an intersection and collided with a tree, killing one of his passengers, aged 17 years, and severely injuring two others.

At the time of the incident the vehicle was travelling at 117 kilometres per hour in a 50 kilometre per hour zone. The driver also had a blood alcohol concentration of approximately 0.210 which is four times over the legal limit (0.05) for a fully licensed driver and well above the 'zero alcohol' requirement for probationary drivers. When determining the offender's sentence, the court heard that he had suffered anxiety and depression since he was a child and was 'completely devastated and heartbroken' by his offending.



Source 3 Culpable driving causing death is a serious indictable offence.

Civil cases

plaintiff
the party who initiates or commences a civil action against another party

defendant
the person accused of a crime

remedy
an outcome of a civil dispute aimed at restoring the plaintiff, as far as possible, to the position they were in prior to the breach of rights

damages
a civil remedy where the court orders the defendant to pay an amount of money to the plaintiff

Civil cases involve disputes between individuals or groups over an alleged breach of rights. In a civil case, the party who believes their rights have been infringed (the **plaintiff**) takes the person who allegedly breached those rights (the **defendant**) to court. In court, the plaintiff hopes to receive a **remedy** that will restore them, as far as possible, to the position they were in before the wrongdoing took place. The most common type of civil remedy is a plaintiff being awarded an amount of money to compensate for their loss (referred to as **damages**).

Types of civil cases

While there are many different types of civil cases, perhaps the most common is a **negligence** case. This is where an individual claims they have suffered injury due to another person's failure to take reasonable care when there is a responsibility to do so. Other types of civil cases include disputes over a **breach of contract**, where one individual believes another has failed to carry out the terms of a legally binding contract, and **defamation** cases, where a person believes they have suffered harm (for example, a loss of reputation) due to another person making false statements publicly.

CASE STUDY

negligence
a type of civil action where one party causes harm through failure to uphold a reasonable duty of care to a 'neighbour'

breach of contract
where one individual believes another has failed to carry out the terms of a legally binding contract

defamation
a type of civil action where one party makes false statements that cause another party to lose their reputation

The Rebel Wilson case

In 2015, well-known Australian actor Rebel Wilson sued Bauer Media Australia (a media company that at the time published a number of magazines including *Woman's Day, The Australian Women's Weekly* and *New Weekly*) for allegedly publishing a number of print and online articles that falsely claimed Ms Wilson was a 'serial liar'. The articles claimed that she lied about various aspects of her life including her real name, age, upbringing and background. As the plaintiff, Wilson initiated the case to be compensated for the harm she suffered as a result of the publication of the alleged false (defamatory) articles. This harm included humiliation, damage to her reputation and loss of income from lost job opportunities.

In 2017, a jury found in Wilson's favour and the presiding judge ordered Bauer Media pay her approximately $4.5 million in damages. Bauer Media, however, claimed the damages awarded to Wilson were excessive and lodged a successful appeal. The amount of damages was reduced to just over $600 000. In response, Ms Wilson applied to have a final appeal heard in the High Court of Australia but the application was denied.



Source 4 Rebel Wilson won her civil action against Bauer Media. A jury found the organisation had published false statements that caused her harm.



Source 5 Graffiti vandalism and other graffiti-related offences are summary offences, and would generally be heard in the Magistrates' Court.

10.4 CHECK YOUR LEARNING

Review and understand

1 **Explain** the difference between criminal and civil cases.
2 **Outline** the two main types of criminal cases.
3 **Outline** two types of civil cases.
4 **Explain** the key difference between a sanction and a remedy. Provide one example of each to support your response.

Apply and analyse

5 **Examine** the P-plate driver case study.
   a Is this a criminal case or civil case? **Justify** (give reasons for) your choice.
   b **Identify** who would have initiated or taken this case to court.
   c **Describe** the sanction imposed upon the offender.
   d Do you think the sanction handed down by the judge was appropriate? **Suggest** what factors you think the judge would have considered when determining the sanction in this case.
6 **Examine** the Rebel Wilson case study.
   a Is this a criminal case or civil case? **Justify** your answer.
   b **Identify** the plaintiff and the defendant in the case.
   c **Explain** why Wilson undertook legal action.
   d What was the final outcome in the case? Do you think it was fair? **Justify** your answer.

Evaluate and create

7 **Create** a poster or collage that illustrates at least five different types of criminal offences and civil actions. You may wish to use software such as Picasa or Photovisi to create your poster.
8 Collect three articles that relate to recent criminal or civil court cases. Include at least one civil case. **Summarise** the facts of each case and identify the key terms that tell you whether it is criminal or civil.

Quiz me!
A quick quiz on types of legal disputes

10.5 Court jurisdictions

In this topic, you will:

- examine Australia's court hierarchy
- describe the appeals process and analyse how the court hierarchy facilitates this process.

jurisdiction
the legal power to make legal decisions and judgments

court hierarchy
the ranking, from lower to higher jurisdiction, of a court system

The Australian legal system includes a large range of courts that resolve all types of legal disputes. Each state and territory within Australia has its own system of courts that can hear matters arising within that state or territory. We also have the High Court of Australia, which has the **jurisdiction** (or power) to hear appeals from the courts in each Australian state and territory. The High Court can also resolve a range of other legal matters including disputes concerning laws made by the federal parliament.

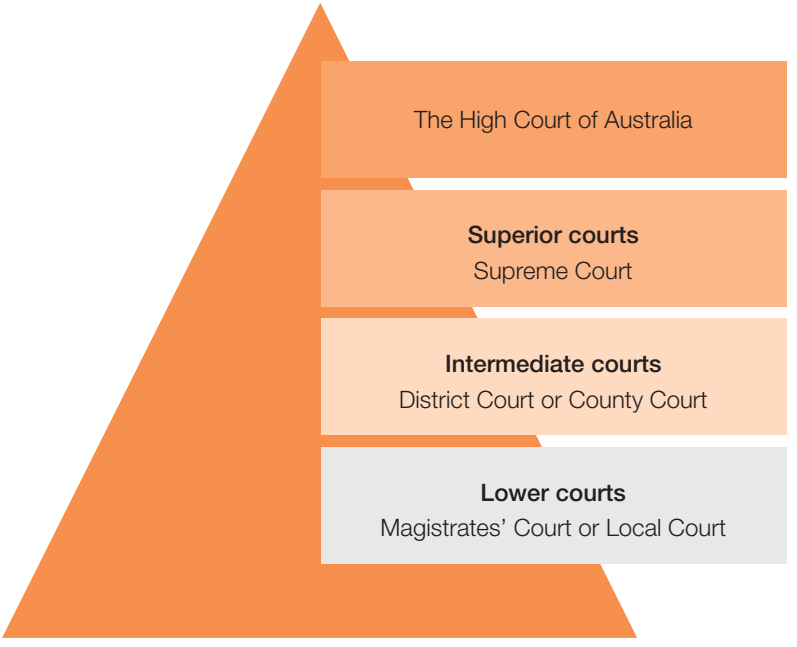
The court hierarchy

The courts in each Australian state and territory are arranged in a **court hierarchy**, meaning they are ranked in order of importance from lowest to highest according to the seriousness of the cases they can hear. For example:

- the lowest court in each state and territory court hierarchy is the Magistrates' Court (or Local Court in NSW), which hears all minor criminal and civil cases
- the highest court in each state and territory court hierarchy is the Supreme Court, which hears the most serious cases, such as murder
- the High Court of Australia is the highest federal court and can hear a range of important cases including appeals from Supreme Courts in each state and territory.

The courts in each state and territory are arranged in a hierarchy (see Source 6) to enable the Australian court system to operate more effectively. Having courts ranked from lowest to highest allows each court to specialise in hearing certain types of cases. This enables the court personnel – including judges, magistrates and administrative officers – to develop expertise in hearing certain types of cases. It also allows streamlining of court procedures.

Having the courts arranged in a hierarchy also allows for an appeals process, where higher courts can review the decisions of lower courts. It helps to make sure that court decisions are consistent and predictable, because magistrates and judges in lower courts follow the decisions of judges in higher courts.



Source 6 Australia's state and territory court hierarchy, with the High Court of Australia (a federal court) at the top.

State and territory courts

Each Australian state and territory has its own system of courts. These courts generally hear cases involving a breach of state and territory laws. Each state in Australia has three levels of courts – superior, intermediate and lower – with the exception of Tasmania, the Northern Territory and the Australia Capital Territory, which only have a lower and superior level of court (the Magistrates' Court and the Supreme Court).

Think, pair, share

- Think about whether you know the name of one or more Australian courts. Where did you hear about this court? What types of cases do you think the court hears?
- Discuss your ideas with a partner.
- Share your thoughts with the class.

Superior courts

Each state and territory in Australia has a Supreme Court, which generally specialises in hearing the most serious criminal matters, such as murder. They also hear the most complex civil matters, or those involving very large amounts of money. Each Supreme Court also has an appeal division – a Supreme Court of Appeal – which hears appeals from the County (or District) and Supreme Courts. Three judges generally hear cases in the Supreme Courts of Appeal. The High Court of Australia has the power, or jurisdiction, to hear appeals from the state and territory Supreme Courts of Appeal.

Intermediate courts

Each state in Australia, except Tasmania, has a District Court (or County Court in Victoria). This court generally hear all serious criminal cases except murder and attempted murder, and serious civil cases involving amounts over $100 000. This court also has the power to hear certain types of appeals from the Magistrates' (Local) Court, such as appeals against the severity or leniency of a sentence imposed. In serious criminal trials where the accused pleads not guilty, a jury of 12 will usually be used to determine the verdict while the judge determines the sanction.

Lower courts

The lowest court in each state and territory hierarchy is the Magistrates' (Local) Court. Magistrates' Courts mainly hear summary criminal offences and civil cases involving amounts under $100 000. The Magistrates' Courts are the busiest courts in Australia, because most legal cases involve minor matters. For example, the Magistrates' Court of Victoria, which operates in more than 50 locations throughout the state, hears approximately 90 per cent of all criminal matters in the state. In 2019–20, this amounted to approximately 145 000 criminal cases being initiated in the court.



Source 7 The Magistrates' Court (or Local Court in NSW) is the busiest court in each state and territory of Australia.

Federal courts

In addition to having state and territory courts, Australia also has federal courts to hear and determine matters involving laws made by the federal parliament. The three federal courts are the High Court of Australia, the Family Court of Australia and the Federal Court of Australia.

The High Court of Australia

The High Court is probably the most well-known federal court, sitting on top of each of the state and territory court hierarchies (see Source 6 on page 184). The High Court has the power to hear many cases. This includes appeals from any state or territory Supreme Court of Appeal and the High Court itself. It also hears cases involving disputes over the meaning of the **Australian Constitution**, and any case of significant legal importance.

Australian Constitution a document that describes the rules, or laws, that govern Australia; the Constitution defines the structure of government in Australia, and also the rights of citizens



Source 8 The High Court of Australia in Canberra is Australia's highest federal court.

The Federal Court of Australia

The Federal Court hears most civil disputes involving federal law. These include matters involving industrial relations or the workplace, native title claims (disputes over the granting of land rights to Aboriginal and Torres Strait Islanders), copyright, trade practices and immigration issues. It can also hear appeals from various courts and tribunals throughout Australia.

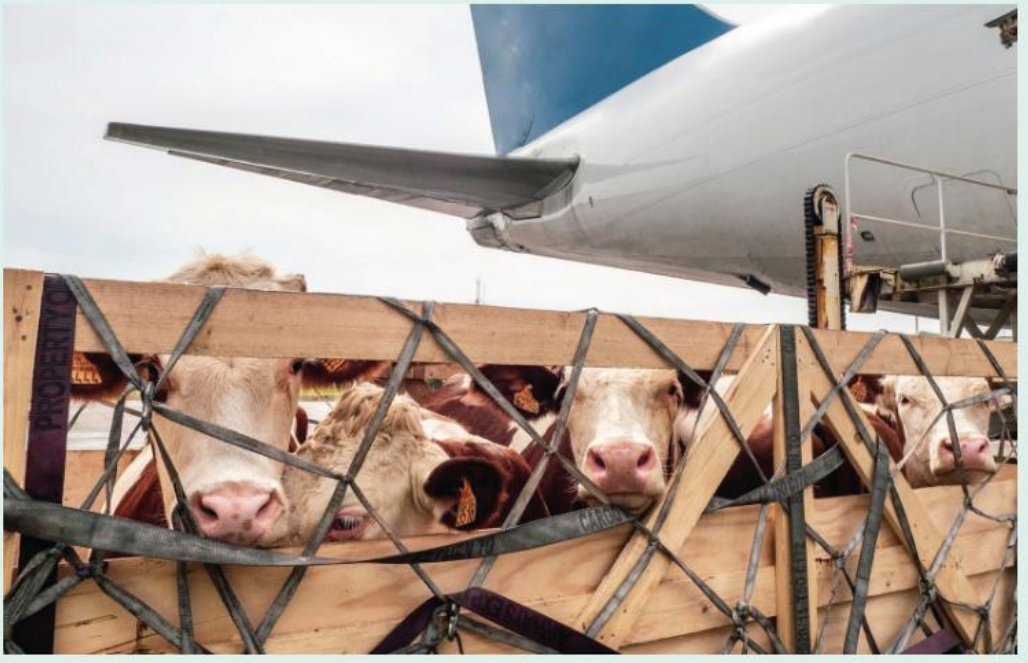
The Federal Circuit and Family Court of Australia

In 2021, a reform united two divisions of the Federal Court: the Family Court and the Federal Circuit Court. This new court is called the Federal Circuit and Family Court of Australia. Among other matters, it hears cases relating to family law, including divorce, parenting arrangements and property settlements.

CASE STUDY

Ban on live exports ruled unlawful

In 2011, the federal government introduced a ban that prevented Australian cattle producers from selling live bulls and cows to Indonesia for a 5-week period. The ban was imposed after reports of cruelty towards the animals. In 2020, a Federal Court judge ruled that the ban was unlawful because the government had acted outside its power and failed to consider other options, such as more strictly controlling live exports. The cattle producers who commenced the civil action were claiming approximately $600 million to compensate for their lost income during the period of the ban.



Source 9 A ban on live cattle exports imposed by the federal government was ruled unlawful by the Federal Court.

10.5 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** 'court hierarchy'.
2 **Outline** two reasons why courts in Australia are ranked in a hierarchy.

Apply and analyse

3 **Describe** the appeals process.
4 **Analyse** the court hierarchy to explain how it allows the appeals process to take place.
5 Based on the information in the case study 'Ban on live exports ruled unlawful', **explain** why the Federal Court heard this case.

Evaluate and create

6 **Research** online to find out about your state's or territory's court system.
   a **Create** a flowchart that illustrates the court hierarchy.
   b **Identify** three courts that exist in your state and briefly explain the role and types of cases that can be heard in each court.
   c Collect one article about a case or matter that has been heard in each of the courts in your hierarchy.
   d **Summarise** the facts of each case.
   e Where possible, **propose** (put forward) whether or not you think the outcome of each case was fair.

Quiz me!
A quick quiz on court jurisdictions

10.6 The Victorian court hierarchy

In this topic, you will:

- examine Victoria's legal system
- examine the hierarchy of the Victorian court system.

The Victorian court hierarchy is made up of a number of courts, each of which has the power to hear certain types of cases. For example, the Magistrates' Court, which is the lowest ranked court in the hierarchy, mainly hears and resolves minor disputes such as minor theft and traffic offences. By contrast, the Supreme Court of Victoria, divided into the Trial Division and the Court of Appeal, is the most superior Victorian state court, and hears and resolves the most serious cases, such as murder and attempted murder cases.

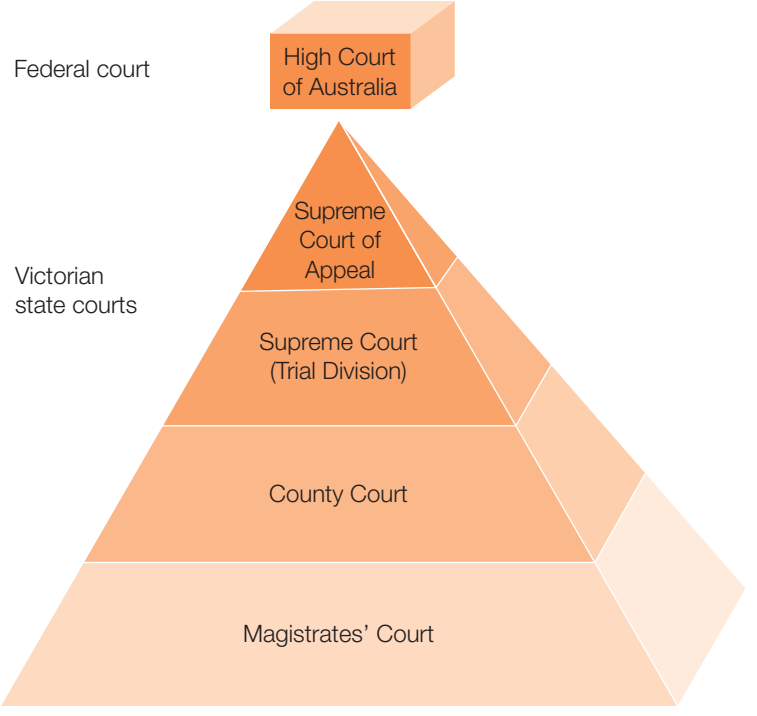
The Magistrates' Court

While the Magistrates' Court is the lowest court in the Victorian court hierarchy, it is also the busiest, due the large range of cases it can hear, and the fact that the majority of legal disputes are relatively minor. The Magistrates' Court deals with approximately 90 per cent of all Victorian court cases, which is around 300 000 cases per year.

The Magistrates' Court has the power, or jurisdiction, to hear and determine a wide range of cases including:

- all summary (minor) criminal matters; for example, property damage; driving a vehicle while being disqualified; driving over the speed limit; possession of illegal drugs
- minor civil disputes (where the amount of money involved in the dispute does not exceed $100 000).

All cases in the Magistrates' Court are held before, or presided over by, a single magistrate (there is no jury). Also, being the lowest court in the Victorian court hierarchy, the Magistrates' Court cannot hear appeals – that is, it can not review decisions from any lower courts.



Source 10 The Victorian court hierarchy

The County Court

The County Court of Victoria is the intermediate tier in the Victorian court hierarchy. It hears over 11 000 criminal and civil cases each year. The County Court has the power to hear:

- all indictable or serious offences (except murder and murder-related offences and treason), including:
  - serious theft
  - armed robbery (theft using a weapon)
  - trafficking (or selling) illegal drugs
  - sexual assault
  - culpable driving causing death (where a person has caused the death of another due to driving in a very careless or reckless manner, or while under the influence of drugs or alcohol)
- all civil disputes involving an unlimited amount of money, including:
  - negligence cases where one party believes another has carelessly breached their rights
  - defamation cases where one party has made false and damaging remarks about another
  - claims made for workplace and motor vehicle injuries.

The County Court also has the power to hear certain types of criminal appeals from the Magistrates' Court, including reviewing cases where the offender believes the sentence (or punishment) imposed by the magistrate has been too harsh.



Source 11 In 2019, County Court Judge Lisa Hannan was appointed as the Chief Magistrate in Victoria.

Source 12 The Victorian County Court

The Supreme Court

The Supreme Court of Victoria is the highest court in the Victorian court hierarchy, and consists of two divisions: the Trial Division and the Court of Appeal.

Supreme Court (Trial Division)

Like the County Court, the Supreme Court (Trial Division) has the power to hear:

- all serious or indictable criminal offences but generally hears the most serious cases, such as murder and murder-related offences
- all civil disputes involving an unlimited amount of money
- some appeals from the Magistrates' Court.



Source 13 The Supreme Court of Victoria

Supreme Court of Appeal

The Supreme Court of Appeal has the power to hear all appeals from both the County Court and the Supreme Court (Trial Division) – although an appeal can only be lodged if a party has a good reason or 'reasonable grounds'.

If a party wishes to appeal a decision made by the Supreme Court of Appeal, they can apply to have the case heard and reviewed by the High Court of Australia, which has the power to hear all appeals from the Supreme Courts of Appeal in each state and territory. The High Court, however, does not hear many appeals and so a party must provide very strong grounds or exceptional reasons for lodging the appeal.

Who makes the decisions in the County and Supreme Courts?

All criminal cases heard in the County Court and Supreme Court (Trial Division) where the accused pleads not guilty are heard before a judge and jury. The jury is composed of 12 randomly selected citizens, and determines the verdict, while the judge determines the sanction to be imposed upon the accused if they are found guilty.

If the accused pleads guilty, there is no need for a jury, and the judge listens to the facts of the case and determines the sanction to be imposed – for example, the amount of the fine or length of the term of imprisonment. Civil trials heard in the County Court and Supreme Court (Trial Division) are usually heard and determined by a single judge. However, the parties have the option of requesting a jury of six citizens to determine both the verdict and the amount of damages to be awarded, rather than the judge doing this.

A single judge hears and determines all appeals in the Supreme Court (Trial Division) while three to five judges hear and determine all appeals in the Supreme Court of Appeal. This depends on the seriousness of the appeal.

10.6 CHECK YOUR LEARNING

Review and understand

1 Prepare a table (similar to the one below) to **describe** the jurisdiction of the following Victorian state courts: the Magistrates' Court, County Court, Supreme Court (Trial Division) and the Supreme Court of Appeal.

Jurisdiction (or types of cases heard)	Magistrates' Court	County Court	Supreme Court (Trial Division)	Supreme Court of Appeal
Criminal				
Civil				
Appeals				

2 **Identify** who determines the verdict and who determines the sanction in a criminal trial heard in the County or Supreme (Trial Division) courts.

3 **Identify** three examples of crimes that can be heard in the Magistrates' Court and one reason why a person may wish to lodge an appeal against a decision of a magistrate.

Apply and analyse

4 **Determine** (decide) whether each of the following cases is a criminal or civil case and which court would hear the case.

- **a** Ramesh is suing a local newspaper that published a false story claiming he had stolen money.
- **b** Gemma has pleaded guilty to receiving stolen goods valued at $60 000.
- **c** Ben has pleaded not guilty to murder, claiming he stabbed an armed intruder in self-defence.
- **d** Kurt has pleaded guilty to selling a large amount of illegal drugs.
- **e** Sarah has pleaded guilty to a speeding offence after driving at 80 kilometres per hour in a 40 kilometres per hour school zone.
- **f** Alana is suing a hospital, claiming a surgeon carelessly performed a knee operation that left her unable to play professional tennis.
- **g** Houli has pleaded guilty to culpable driving causing death, after colliding with and killing a pedestrian while driving a vehicle under the influence of alcohol. Shortly after the crash he registered a blood alcohol concentration of 0.13.
- **h** Lou is suing her local cafe for $80 000 to make up for the severe stomach injuries she suffered as a result of swallowing a broken toothpick left in a sandwich.

Evaluate and create

5 **Research** one court in the Victorian state court hierarchy and prepare a PowerPoint presentation that summarises some of the main features or roles of that court. For example, you may wish to outline what types of cases the court can hear, who determines the outcome in each case, some of the key personnel who work at the court, and where the court is located. Remember to use some visuals for interest in your PowerPoint.

6 Use either print or online media to find one article about a case being heard in two of the courts in the Victorian state hierarchy. **Summarise** the facts of each case and, where possible, comment upon whether or not you think the outcome of the case was fair. If the case has not concluded yet, write a paragraph showing what you think the likely outcome might be.

I used to think, now I think

Reflect on your learning about the Victorian court system and complete the following sentences

- I used to think ...
- Now I think ...

What has changed in your understanding?

Quiz me!

A quick quiz on the Victorian court hierarchy

10.7 The role of the courts

In this topic, you will:

- examine how laws are made in Australia
- examine the two ways courts make law.

precedent
a legal principle that must be followed by magistrates and judges in cases where the facts are similar

In Australia, most laws are made by parliament. In fact the main role of the state and federal parliaments is to make laws on behalf of society. By contrast, the main role of the courts is to apply and interpret the meaning of any existing law to resolve disputes that are bought before them. Courts can, however, also make law in certain situations.

Courts making law by setting precedent

Courts or judges can make law when they are called upon to resolve a dispute in which there is no existing law – that is, no existing parliamentary legislation or court-made law – that can be applied to resolve the dispute at hand. In such cases, the judge must come to their own decision regarding the outcome and their decision may then become judge-made law or a **precedent**.

In simple terms, a precedent is a decision or legal principle made by a judge. It must be followed by all lower courts within the same court hierarchy, in cases where the underlying facts are similar. For example, judges and magistrates in the lower courts in each state or territory must follow decisions or legal principles made by judges in the higher courts (such as the Supreme Court and High Court). This ensures that the laws made by courts are consistent and predictable.

Allowing the courts to make law by setting precedent also enables the law to develop over time. For example, the law of negligence has largely developed through judges making decisions in cases where there were no existing laws that could be applied to resolve a dispute at hand. Australian negligence law was established in a number of cases, including the famous case of *Grant v Australian Knitting Mills* (1932). Without any pre-existing laws from parliament to guide them, a judge ruled that the manufacturers (in this case, the Australian Knitting Mills) owed consumers a reasonable duty of care not to produce faulty and harmful products. This ruling was made after a consumer (Grant) developed a severe skin rash from wearing some faulty and carelessly produced underwear, similar to a 'onesie'. Since this case, many more cases involving negligence claims have been taken to Australian courts and the law of negligence has continued to develop.



Source 14 Manufacturers owe consumers a reasonable duty of care not to produce faulty and harmful products. Laws on negligence evolved through the courts since first being established in Australia 90 years ago.

Courts making law through statutory interpretation

Judges also are able to make law through the process of **statutory interpretation**. Statutory interpretation is when a judge is called to resolve a dispute in which there is existing legislation but the wording of the legislation is unclear, and hence needs to be interpreted by the judge before it can be applied to resolve the case before the court. For example, in *Kevin and Jennifer's Case* (2003), three Family Court judges were required to interpret the meaning of the word 'man' when a dispute arose over whether a marriage between Jennifer (a woman) and Kevin (a transgender man, who had been born female and undergone medical transition to become a man) was valid under Australian law. Until 2017, the definition of a legally valid marriage in Australia only applied to marriage between a man and a woman, and had no provisions for LGBTQIA+ people. The court interpreted that a post-operative female-to-male transgender person was in fact a 'man' and declared the marriage valid. The court's interpretation clarified the meaning of a 'man' for the purposes of Australia's marriage laws and enabled the legislation to be applied to resolve the case. It also set a precedent for future cases.

statutory interpretation when a judge is called to resolve a dispute in which the existing legislation is unclear and needs to be interpreted



Source 15 Shops, such as supermarkets, are required by law to provide a safe environment for customers and staff. Even if a sign is used to warn of a slipping hazard, the owner of the shop may still be responsible if a person falls and hurts themselves.

10.7 CHECK YOUR LEARNING

Review and understand

1 **Identify** two ways in which courts or judges can make law.

2 What is a precedent? **Explain** how judges make law by setting precedents.

Apply and analyse

3 **Distinguish between** the main role of parliament and the main role of the courts. Remember, when you distinguish between two things you must explain how they are different.

4 **Propose** (put forward) two reasons why legislation or laws made by parliament may need interpreting by the court before they can be applied to resolve a case. Support your answer using facts from *Kevin and Jennifer's Case* (2003).

Evaluate and create

5 **Research** one of the following Australian court cases and prepare a report that summarises the facts of the case and the decision or law made by the court.

- *Davies v Waldron* (1989) VR 449
- *Deing v Tarola* (1993) 2 VR 163
- *Rosenberg v Percival* (2001) 205 CLR 434
- *Cole v South Tweed Heads Rugby League Football Club Ltd* (2004) HCA 29

Key skill worksheet
Analysing sources: High Court challenge to COVID-19 lockdowns

10B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Creating 'safe drug-injecting rooms' causes controversy

In February 2017 the Victorian parliament passed the *Drugs, Poisons and Controlled Substances Amendment (Pilot Medically Supervised Injecting Centre) Act 2017*. This new law allowed the first medically supervised injecting room (MSIR) to open in North Richmond, an inner-city suburb of Melbourne, for a trial period of 2 years. Since then, the Victorian government has proposed two more locations for inner-city MSIRs to open. The establishment of these MSIR facilities has caused significant debate both within the local areas involved, and the broader community.



Source 16 The aim of medically supervised safe injecting rooms is to save and change the lives of people struggling with drug addiction.

Those who support the establishment of MSIR facilities claim they both save and change the lives of people struggling with drug addiction. They do this by providing a place where the use of unlawful drugs, such as heroin and methamphetamine (or 'ice'), can be can safely managed. In addition to saving lives by managing drug overdoses, MSIR facilities encourage people who use the centres to seek support for drug addiction and other matters such as housing, family violence and mental health issues. MSIR facilities also reduce the number of injections that take place in public and promote the safe disposal of used needles.

On the other side of the debate, there are many who oppose the establishment of MSIR facilities. In particular, local residents, members of school communities and business owners in North Richmond have argued that the MSIR there has negatively impacted the safety of the area. This is due to the increased number of people who sell and use illegal drugs coming to North Richmond, as well as drug-related crimes taking place.



Source 17 North Richmond residents protesting against the establishment of a medically supervised injection room in their local community.

KEY SKILL
Analysing sources

Analysing different points of view

Analysing views held by people and groups that are different to our own is an important skill to have when looking at controversial issues. It may be easy to stick with our own point of view and assume other opinions are wrong, but having the ability to consider different perspectives enables us to expand our understanding of the issue and, ultimately, come to a more informed judgment about it.

When you are required to analyse a controversial issue, you need to consider a range of different viewpoints related to the issue. You also need to attempt to understand the values, morals, motivations and contexts that underpin these different opinions and perspectives.

To analyse different viewpoints in relation to a controversial issue, follow these steps.

Step 1 Identify the issue you are going to examine.

Step 2 Gather sources from a range of difference places. For example, articles from different websites or a range of media outlets. Make sure they are not all written by the same person.

Step 3 Identify each author's viewpoint.

Step 4 Identify each author's motivation for their viewpoint. Ask yourself what their motivation might be for taking this position. For example, are they writing on behalf of a specific group or political party that have a particular stance on the issue? Do they belong to a group affected by the issue?

Step 5 Question the context in which the article was written. Consider when it was written and the predominant values and morals that existed at the time. Ask yourself if any of the information provided has changed over time. Also consider the background of the author and whether or not their views might have been biased by their culture, heritage or religious beliefs.

Step 6 Decide whether each author has sufficiently justified their opinion, and form your own, based on your readings.

For more information on this key skill, see page 137 of 'The civics and citizenship toolkit'.

Practise the skill

1 Using the internet and other forms of media, collect information from two different sources that support the establishment of MSIR facilities. You might use newspaper or journal articles, media broadcasts and transcripts, and the websites of political parties or other religious and social organisations. Also collect information from two different sources that oppose the establishment of MSIR facilities.

   For each source of information:

   a **summarise** the author's viewpoint on the issue

   b **discuss**, in a short statement (100 words), any values, morals, motivations and contexts that underpin each source of information.

2 After you have examined your four sources of information, **summarise** the main reasons for and against the establishment of MSIR facilities. Provide a concluding statement that outlines your personal view on the topic.

Extend your understanding

1 Identify another controversial legal issue in the media, such as lowering the voting age to 16 or re-introducing the death penalty for terrorist-related mass murders. In pairs, **research** your topic and make an analysis of different sources. Have one member of the pair present the 'pros' and the other present the 'cons' of the issue to the class, explaining the justification for the different opinions about it.

2 As a class, select one controversial issue to hold a debate on. You may like to put forward one of the topics you worked on in question 1, or you may like to explore something different.

   a Assign roles for everyone in the class, including Positive team (speakers, writers and researchers), Negative Team (speakers, writers and researchers), Adjudicator and time keeper. You should also select a couple of students to come up with the 'prompt' for the debate.

10 CHAPTER REVIEW

Review questions

10A What key principles support Australia's legal system?

1 **Identify** the three key principles of Australia's legal system. (1 mark)

2 Choose two processes or features of a court hearing and **explain** how they help ensure the hearing is fair. (3 marks)

3 'Australians are treated equally before the law.' Do you agree with this statement? Give your opinion, using evidence and examples to **justify** (give reasons for) your answer. (6 marks)

(Total: 10 marks)

10B How does Australia's court system work?

1 **Describe** the court hierarchy in your state. (2 marks)

2 In your own words, **explain** the process through which the courts make laws. (3 marks)

3 **Compare** the two ways that courts make law: by setting precedent and through statutory interpretation. Remember, when you compare two things, you must look at how they are similar and how they are different. (5 marks)

(Total: 10 marks)



Source 17 Nades and Priya and their two Australian-born children have been held in detention for more than 3 years while applying for visas to remain in Australia.

Review activity

Read the information about the legal battles of a family seeking asylum in Australia, then answer the questions below.

Lengthy battle for family facing deportation

In 2018, two Sri Lankan asylum seekers, Nadesalingam Murugappan and Kokilapathmapriya Nadesalingam (known as Nades and Priya), and their two Australian-born children, became involved in a complex and lengthy legal battle to remain living in Australia.

After arriving in Australia and being granted temporary visas, Nades and Priya settled in the central Queensland town of Biloela where they had two children. In March 2018, their visas expired and the family was removed by Australian Border Force officers and police from their home in Biloela and taken to a detention centre in Melbourne to await being deported back to Sri Lanka.

While Nades and Priya had applied for refugee status so they could remain living in Australia, their initial application was denied and a number of attempts to have this decision overturned through the court system failed. For example, in June 2018, Federal Circuit Court Justice Kirton found that the government's assessment of the couple's refugee status was carried out in accordance with the law and the decision to deny the couple refugee status was valid. Justice Kirton also found that there was no evidence to suggest the family would be at risk if they returned to Sri Lanka. An attempt to have this decision reviewed by the High Court also failed.

However, in August 2019, the family's lawyers managed to obtain a court order that prevented the family from being deported until their youngest daughter, Tharnicaa (aged 2 years) had her application to be granted a visa (and remain in Australia) assessed. The immediate deportation of the family was stopped, and they were transferred to a detention centre on Christmas Island. In March 2021, the family had been held in detention for 3 years waiting for the dispute to be resolved.

In June 2021, Tharnicaa became ill and was flown to Australia, with her mother Priya, to receive treatment at the Perth Children's Hospital. Her sister and father joined them two weeks later. In August 2021, the High Court refused to hear an appeal involving Tharnicaa's application to be granted a protection visa.

1 **Explain** the difference between an asylum seeker and a refugee. (3 marks)

2 Consider what you have learnt about the court hierarchy in this chapter. **Explain** why this case was heard by the Federal Circuit Court in 2018. (3 marks)

3 Prepare a statement that outlines each side of this case. Your statement should **propose** (put forward) reasons why:
- Nades and Priya's lawyers, and many members of the Australian community, believed the family should be granted permission to permanently stay in Australia
- the Australian Government may not have wanted to grant refugee status to allow the family to permanently stay in Australia. (6 marks)

4 Research online to discover more about Nades and Priya's case (including whether the case has been resolved in recent times) and **discuss** whether or not you think justice was achieved by the Australian legal system in this case. (8 marks)

(Total: 20 marks)

Check your Student obook pro for these digital resources and more:

- Student book questions: Chapter 10
- Key skill worksheet: Communicating & reflecting: Chapter 10
- Quizlet: Play a game of Quizlet on Australia's legal system.
- Chapter review quiz: Chapter 10

CHAPTER

11

Australia's democracy and the global context

A democracy is a system of government in which the people have the power to determine how they will be ruled or managed. As US President Abraham Lincoln stated in 1863, representative democracy is 'government of the people, by the people, for the people'. This implies that democratic governments should be elected by the people to make and implement laws on their behalf, and be able to justify their actions.

A strong and resilient democracy must be based upon the core beliefs and values held and respected by the majority of society.



» **Source 1** In Australia, one of the key principles of our democracy that is protected by law is the freedom of assembly. This grants us the right to protest. Here, a young woman holds a sign at a Black Lives Matter protest in Melbourne, 6 June 2020.





11A
What are the key features of Australia's system of government?

11B
How is Australia's democracy influenced by the international community?

11C
What are the features of a resilient democracy and a cohesive society?

11.1 Key features of Australia's system of government

In this topic, you will:

» examine the key features of Australia's system of government.

Australia is a unique country made up of over 26 million people. Our population includes Aboriginal Australians, who are one of the world's oldest continuous cultures (dating back over 65 000 years). It also includes people who have migrated from countries all around the world. With approximately 30 per cent of Australia's total population being born overseas, Australia is truly a **multicultural** society. Although many of us may eat different foods, celebrate different festivals, play different sports and embrace different religions and values, most of the time we manage to live together in unified way, with a high level of **social cohesion**.

multicultural
a society in which many cultures coexist peacefully and equitably

social cohesion
the willingness of members of a community to live together in a peaceful and cooperative way in order to survive and prosper

The role of government in Australia

In Australia we have a variety of systems, structures and laws designed to ensure that all members of our society can live together in a united, safe and peaceful manner. For example, our court system enforces the law and resolves disputes in a fair and unbiased way. Our system of government makes laws that reflect the prevailing views and moral standards held by most Australians. In addition, our **governments** aim to ensure that all Australians have access to basic goods and services, including health care, food, housing, education, roads, public transport, and utilities such as water, electricity and internet connection.

government
the elected members of parliament who make decisions for a nation or state; the government is made up of the party or coalition that has won a majority of seats in the lower house of parliament

Government also supports all Australians in maintaining reasonable **living standards**. This involves making sure that people who wish to work have jobs, and that those who are unable to work or find it difficult to work – for example, the elderly, people with disabilities, carers, refugees and asylum seekers– are provided with income support and access to basic goods and services.

living standards
the level of wealth, material goods, comfort and life necessities available to people living in a geographical area

Australia's system of government

In Australia's system of government, our laws are made by parliaments. A national 'system of government' broadly refers to the way in which a country is managed or controlled; while a **parliament** is a group of representatives who have been elected by the people to make laws on their behalf. A parliament performs a variety of tasks, including:

- making new laws and altering existing laws so they reflect the views and values of the majority of the people, and benefit society
- discussing and debating matters that affect the community
- examining problems that exist within society
- reviewing perceived injustices in the law.

parliament
a formal assembly where elected representatives gather to discuss political issues and make laws



Source 1 People protesting to urge the Australian Government not to reduce its spending on basic services

Australia's system of government is based on a **federal parliamentary system**. This means that the nation is divided into states, each of which has its own parliament that is responsible for making laws for the residents of that state. In addition, there is one central or federal parliament, which has the power to make laws that apply to the entire country. In Australia, we have parliaments for

federal parliamentary system
a political system where the responsibility to make or change laws is shared by one national (or federal) parliament and several state parliaments

each of the states and territories, and one Commonwealth Parliament (often referred to as the federal parliament) which is located in our nation's capital, Canberra.

Each state and territory also has local governments. These are called local or municipal councils, and have been given the power by the state and territory parliaments to make local laws – often called by-laws – and provide services for a local community, district or region. Like the federal, state and territory parliaments, local councils are elected by the residents in each local area. There are more than 530 local councils in Australia today, with approximately 55 per cent being located in regional, rural or remote areas.

Quiz me!
A quick quiz on key features of Australia's system of government

Source 2 Australia's three levels of government

Level of government	Examples of areas of law-making power
Commonwealth (federal)	• currency • defence • marriage • customs and border protection • Australian citizenship
State and territory	• primary and secondary education • health services • water • electricity • public transport
Local	• local infrastructure (e.g. roads, footpaths, waste collection) • recreational facilities (e.g. parks, libraries and swimming pools) • aged care facilities • child care facilities



Source 3 Australia's three levels of government have different law-making powers, covering areas such as defence (federal), education (state/territory), and waste collection (local).

11.1 CHECK YOUR LEARNING

Review and understand

1 **Identify** three roles of government in Australia.
2 **Explain** why Australia's system of government is referred to as a federal parliamentary system.
3 **Outline** three tasks performed by Australian parliaments.

Apply and analyse

4 Briefly **distinguish between** the three levels of government in Australia.

Evaluate and create

5 Using the internet, investigate the role of your state or territory government and complete the following tasks.
   a **Identify** 10 different services that it provides to the community.
   b **Identify** the premier or leader of your state or territory's government, and the political party to which they belong.
   c **Outline** three laws that have been introduced or changed within the past two years. **Suggest** why these laws were introduced or changed. Do you support the introduction or change of these laws? Why or why not?
   d Imagine you could introduce two new laws in your state or territory. What would they be? **Justify** (give reasons for) your choices and compare them with those of your classmates.
6 **Create** a PowerPoint presentation or poster that illustrates the role and responsibilities of one of the three levels of government in Australia.

11.2 Principles of Australia's system of government

In this topic, you will:

» examine the key principles of Australia's system of government.

As we have seen, Australia's system of government is based on the federal parliamentary system, with one central Commonwealth Parliament, six state parliaments and two mainland territory parliaments. It is also based on a variety of underlying principles or beliefs that aim to ensure that our nation is managed in a fair and just manner. These include that governments:

- must protect the rights and freedoms of individuals
- must make laws that reflect the views and values of the people
- must be accountable to the people
- must not abuse their power.

Governments must protect the rights and freedoms of individuals

Our system of government is also often referred to as a liberal democracy. This means it aims to protect a range of basic human rights, freedoms and values that advance the wellbeing of individuals, and place limits on the level of government control or interference. While the parliaments have the power to make laws that regulate the behaviour of people, they should not make laws that are excessive, or unnecessarily limit the activities of individuals.

For example, we have laws that:

- protect our broad right to **freedom of speech**
- protect our basic right to **freedom of assembly**
- limit individuals from behaving in an offensive or indecent manner in public.

freedom of speech the right of individuals to publicly express their views and opinions (provided these statements are not false, hateful or cause harm) on political issues without fear of being punished by the government

freedom of assembly the right of individuals to peacefully gather together to form a group or association to pursue a common goal



Source 4 The law protects our general right to freedom of speech and peaceful assembly. In this image, people march in Melbourne in March 2021 protesting the sexual harassment of women.

Governments must make laws that reflect the views and values of the people

One key feature of Australia's system of government is that it is based on the principle of **representative government**. This means our Commonwealth, state and territory parliaments consist of members who are elected by the people to make laws on their behalf. One way the principle of representative government is upheld in Australia is by holding regular free and fair elections, where the people can vote for individuals to represent them in parliament. If these elected members of parliament fail to make laws that represent the views, values and moral standards of the majority of voters, they jeopardise their chance of being re-elected.

representative government
a system of government in which the people elect members of parliament to make laws and manage the country on their behalf; also called representative democracy

In Australia, federal parliament elections are held every three years, while elections are held for state and territory parliaments every four years. Voting in federal and state/territory elections is compulsory for all eligible citizens aged over 18 years. Those who do not enrol to vote, or do not vote on election day, may be fined approximately $85. Australia is one of only a few nations in the world that has compulsory voting in elections.

Key skill worksheet
Evaluating & decision making: Recognising different points of view when making laws

Source 5 Arguments for and against compulsory voting

Arguments for compulsory voting	Arguments against compulsory voting
• helps ensure our parliaments have the support of the majority of people, not just those who bothered to vote	• forces people who are not interested in politics or the outcome of the election to cast an ill-informed vote
• may force candidates and political parties to consider the needs of all voters, or the entire community, when making policies	• is a violation of individual rights to force people to vote – because a right is a freedom that individuals have or choose to use, not an action they are compelled to undertake

Governments must be accountable to the people

The principle that the government must be accountable – or answerable – to the people is also known as the principle of **responsible government**. Being accountable to the people means that governments must be able to justify their actions and decisions to the voters.

responsible government
the requirement that the government must be accountable to the people for its actions and decisions, and that members of the government must carry out their duties in an honest manner or resign

One way that Australian governments are accountable is in parliamentary Question Time (see Source 6), where all members of parliament are given the opportunity to question the government on its policies and actions. Often parliamentary Question Time can become quite intense, as members of the government and the opposition disagree about political issues.

Members of the public can also hold the government accountable by emailing or visiting their local member's office to directly question them.

The principle of responsible government also ensures our governments are accountable by stating that any member of the government who acts in a dishonourable or irresponsible manner has a duty to resign from their position. Throughout the years many elected members of state and federal governments have voluntarily resigned from their positions after being accused or proven to have acted dishonestly.



Source 6 Victorian Premier Daniel Andrews speaks passionately during Question Time in the Victorian Parliament.

Governments must not abuse their power

separation of powers
the principle of government that ensures no single group in the parliamentary system can administer the law, make the law, and interpret and apply the law

The principle of the **separation of powers** prevents our governments from abusing their power, or making laws beyond their power, by ensuring that no single group or body within our parliamentary system holds more than one of the three main powers of government. The three main powers are:

- *executive power* – the power to administer or implement the law, held by the government; at federal level, this power is exercised by the Governor-General (as the Queen's representative), the Prime Minister and senior ministers
- *legislative power* – the power to make the law, held by parliament
- *judicial power* – the power to interpret and apply the law, held by the courts; this allows the courts to enforce the law and settle disputes.

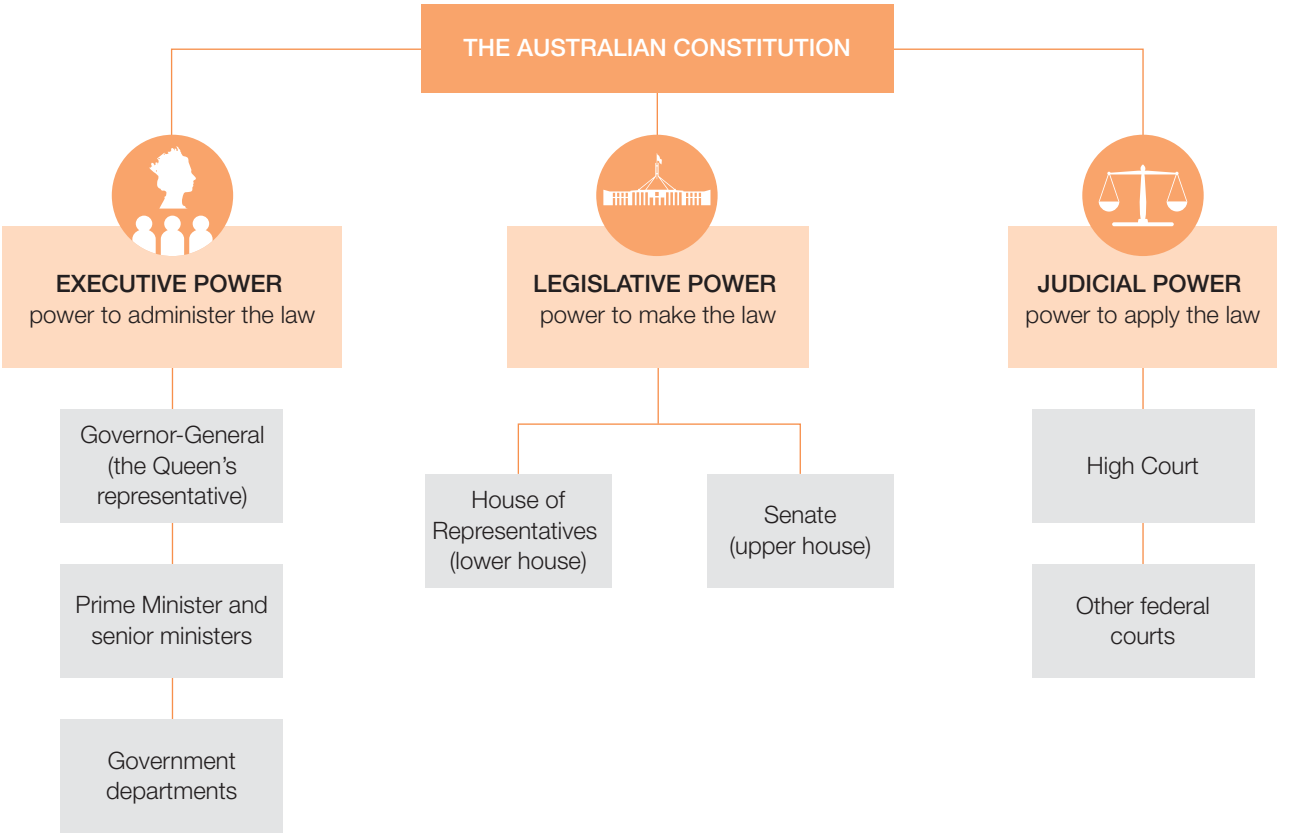
Australian Constitution
a set of rules and principles that guide the way Australia is governed

In Australia, the separation of powers at federal level is established by the **Australian Constitution** (see Source 7).

judiciary
a legal term used to describe the courts and judges

In practice, however, the executive power and the legislative power are combined, while the **judiciary** remains independent. For example, the government and the parliament have the power to make and administer the laws, but they do not have the power to apply and interpret the law, which is the role of the courts. This independent court system allows our judges to resolve disputes without any outside influence from government, party politics or voters. Judges are free from political bias, which means they are impartial when applying the law.

Keeping the judiciary independent means the courts can act as a check on parliament, and make sure that parliaments do not make any laws beyond their power. If a person or organisation believes that a parliament has made a law that abuses its powers, they can challenge the law in court. If this challenge is successful, the law can be declared invalid by a judge.



Source 7 The principle of the separation of powers at federal level, as set out in the Australian Constitution

CASE STUDY

The separation of powers

In 2016, a man named Aaron Graham received a letter from the Australian federal government. Graham, who was born in New Zealand, had been living in Australia for 40 years when he was informed that his visa (formal permission to live in Australia) had been cancelled and he could no longer live here.

Graham's visa was cancelled in accordance with the *Migration Act 1958*. This law was passed by the Australian Parliament in 1958, giving the Minister for Immigration and Border Protection the power to cancel an individual's visa if they believed doing so was in Australia's national interest. Under the *Migration Act*, the Minister was not required to provide Graham or the courts with any details explaining why the visa had been cancelled.

In 2009, Graham had been found guilty of assault charges. He was also a member of an outlaw motorcycle club called the Rebels. The Minister believed that cancelling Graham's visa was in the national interest because of these reasons, but Graham claimed that the section of the *Migration Act* that allowed this to happen without any explanation breached (violated) the principle of the separation of powers. Graham claimed that by not sharing the reasons for his decision, the Minister had not allowed the courts to make an informed decision about the facts of the case.

In 2017, the High Court of Australia made a number of rulings in relation to this case. It ruled that the federal parliament cannot pass a law to prevent the judiciary from making an independent decision to restrict an executive power (in this case, a power exercised by a government minister). This was an important decision that updated the *Migration Act*.



Source 8 The Australian federal parliament cannot make a law that breaches the principle of the separation of powers.

11.2 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** the term 'liberal democracy'.

2 **Describe** two other principles upon which the Australian system of government is based.

3 **Outline** how the Australian parliamentary system achieves representative government.

Apply and analyse

4 With reference to the separation of powers, **explain** why judges may not be elected as members of parliament and serve in the government.

5 **Suggest** one way, other than the risk of not being re-elected, that governments in Australia are held accountable for their actions.

Evaluate and create

6 **Create** a flow chart that categorises the key principles of Australia's system of government.

7 Imagine you have been commissioned (asked) by the federal government to investigate compulsory voting. **Research** the pros and cons of compulsory voting, and prepare a 300-word submission that discusses the abolition of compulsory voting in Australia.

Quiz me!
A quick quiz on principles of Australia's system of government

11.3 Australia's Commonwealth Parliament

In this topic, you will:

- describe the history of Australia's Commonwealth Parliament and how it was formed
- examine the structure of Australia's Commonwealth Parliament.

At the time of the arrival of the First Fleet in 1788, Australia's First Peoples – the Aboriginal and Torres Strait Islander peoples – had their own well-established system of law, rights, responsibilities and codes of behaviour. Despite this, the British **colonists** swiftly imposed their own laws and legal system.

From 1788 onwards, the British began developing a system of government whereby each of the six **colonies** (which are now called states) was able to establish its own parliament. Together with the British Parliament, these colonial parliaments each had the power to make laws for its own colony.

The colonial parliaments each followed the British parliamentary model, called the Westminster parliamentary system, whereby the parliament consists of one or two houses and the reigning English monarch, or 'the Crown'.

The Westminster parliamentary system is still followed in Australia today, as each of the state/territory parliaments and the Commonwealth Parliament consists of one or two houses and the Crown. A parliament consisting of two houses is called **bicameral**. The Commonwealth Parliament and each of the state parliaments (except Queensland) are bicameral because they consist of a lower and an upper house. The parliaments of Queensland and the territories are **unicameral**, because they have only the lower house and the Crown.

The Crown is represented by:

- the Governor-General in the federal parliament and the Australian Capital Territory
- the Governor in the state parliaments
- the Administrator (appointed by the Governor-General) in the Northern Territory.

colonists
those who take control of a country or territory for financial, political or military gain

colony
a country or area under the full or partial control of another country, and occupied by colonisers from that country

bicameral parliament
a system of government in which the legislature is made up of two houses

unicameral parliament
a system of government in which the legislature is made up of one house

Creating the Commonwealth Parliament

As Australia grew throughout the 1800s, problems began to arise between the colonies, as each made different laws in a range of common areas. For example, there were constraints on inter-colony trade, due to the colonies having different railway systems, different postage stamps and different taxes. There were also defence concerns, including the following:

- Each colony had its own independent army.
- There was no uniform defence force capable of protecting the entire country.
- Concern was growing over the arrival of non-British immigrants and the lack of a common immigration policy.

These issues made it increasingly obvious that, in addition to having separate parliaments in each colony, a central parliament was needed to make consistent laws that could apply to and benefit the entire country.

In the 1880s, the colonies began formal discussions to consider which laws would be best made by a central parliament and which areas of law-making power should be kept by the individual colonies. In the following decade, each colony sent a group of representatives to special meetings – called **constitutional conventions** – where it was decided that a new central Commonwealth Parliament would be created. This parliament would be given the power to make laws on national matters that affected the whole country, such as:

- defence
- currency
- postal services
- overseas matters.
- immigration and trade

constitutional convention
a meeting of representatives from the colonies to consider the benefits of, and terms and conditions associated with, creating one central law-making authority

The colonial parliaments would keep the power to make laws relating to areas such as:

- hospitals
- roads
- education
- public transport
- water
- law enforcement.

On 1 January 1901, known as Federation Day, the British Parliament passed a law called the *Commonwealth of Australia Constitution Act 1900:*

- to unite the six separate British colonies and form one Australian nation with a new federal system of government
- to create the new Commonwealth Parliament of Australia, and outline its structure and law-making powers.

This law is more commonly known as the Australian Constitution.



Source 9 This souvenir booklet was published to celebrate Federation Day on 1 January 1901, when the separate colonies united to form one Australian nation – a process known as Federation.

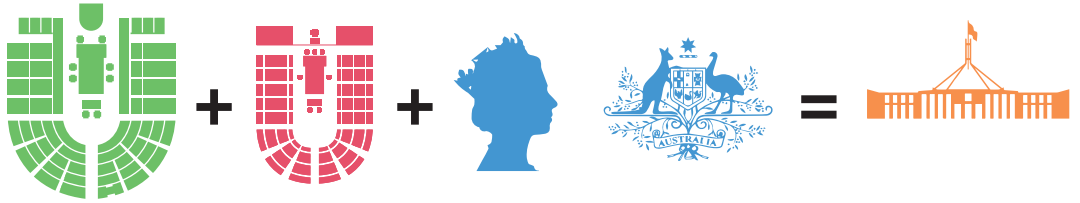
The structure of the Commonwealth Parliament

In keeping with the Westminster parliamentary system, the Australian Constitution states that:

- the Commonwealth Parliament must consist of two houses and the Crown (represented by the Governor-General)
- the lower house of Commonwealth Parliament is called the House of Representatives and the upper house is called the Senate
- all laws made by the Commonwealth Parliament must be passed or approved by a majority of members in both houses of parliament and the Crown.

Source 10 The structure of the Commonwealth Parliament

Lower house: House of Representatives	Upper house: Senate	Crown: Governor-General
151 members elected by the people to serve a three-year term	76 members elected by the people to serve a six-year term	One person chosen by government to serve a five-year term



Source 11 The key elements of the Commonwealth Parliament

The House of Representatives

electoral division (or electorate)
a geographical area containing a specified number of people who can vote in an election

The lower house in the Commonwealth Parliament, the House of Representatives, consists of 151 members. Each of these members is elected by eligible voters who live in one of 151 designated areas – called **electoral divisions (or electorates)** – throughout Australia. The electoral divisions are determined in proportion to population size, meaning that the most populated states, such as New South Wales and Victoria, have more elected representatives in the lower house than the less populated states, such as Tasmania. In this way, the house is made up of members who can represent the views, values and desires of people from all around the country. For this reason it is often referred to as the 'People's House'. Members of the House of Representatives are elected for a three-year term.

The main role of the House of Representatives is to:

- determine the government of the day. In simple terms, the government is the **political party** (or **coalition** of parties) that has an **absolute majority** in the lower house. For example, at the federal election in 2019, members of the Liberal–National Party Coalition won 77 of the 151 electorates and so formed the government of the day.
- discuss, debate and scrutinise proposals for creating and changing Commonwealth laws. In fact, most proposals for introducing new laws or changing existing laws commence in the lower house.

political party
a group of people with similar views and ideas about how a country, state or territory should be managed or governed

coalition
two or more political parties that join together in an attempt to win an election and form government

absolute majority
the requirement for a candidate (or political party) to win over half the votes to be declared the winner of the electoral division (or form the government)



Source 12 The House of Representatives in the Commonwealth Parliament



Source 13 The Senate in the Commonwealth Parliament

The Senate

The upper house in the Commonwealth Parliament, the Senate, consists of 76 members – made up of 12 members elected from each of the six states, and two members elected from each of the mainland territories (the Northern Territory and the Australian Capital Territory). This structure is designed so that the Senate can, in theory, equally represent the views, values and interests of each state of Australia. While the House of Representatives consists of members elected from electoral divisions that are determined in proportion to the state's population size, the Senate is made up of an equal number of members from each state, regardless of the state's population size. Individuals elected to the Senate, called senators, are elected for a six-year term.

The main role of the Senate is to:

- represent the interests of the states. Given that the Senate consists of an equal number of senators from each state (that is, 12), in theory it can equally represent the interests of each state. It can also help prevent the Commonwealth Parliament from passing laws that discriminate against any particular state. This is because all proposals for new laws must be passed or agreed to by a majority of members in both houses of parliament

- initiate, discuss and review new laws. Like the House of Representatives, proposals for creating new Commonwealth laws, or changing existing Commonwealth laws, can be initiated and discussed in the Senate. However, because most laws start in the lower house, the Senate tends to act more as a 'House of Review' – by debating and scrutinising proposals that have already been passed by the House of Representatives.

CASE STUDY

Federal government spending

One of the main responsibilities of the Australian federal government is to manage the nation's finances and provide services to the community. Each year, the federal government must prepare a federal budget that outlines how much money the government expects to receive and how it plans to spend it.

Typically, the federal budget for the new financial year (that is, 1 June to 30 July) is announced in May. However, due the impact of the COVID-19 pandemic on Australia's economy, the 2020–21 federal budget was announced in October 2020. This budget outlined how the federal government intended to spend the estimated $472 billion of income that it expected to receive, and whether the government would need to spend more money in the 2020–21 year than it expected to earn. This is known as a budget deficit.

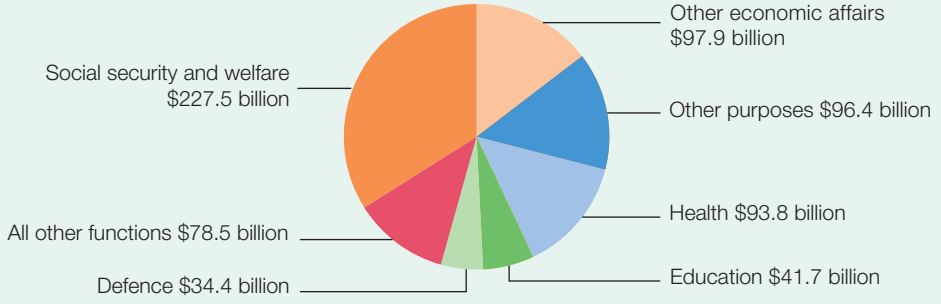
Due to a variety of factors, including the downturn in business and the increase in unemployment during the pandemic, the government decided to spend approximately $205 billion more than it expected to receive in 2020–21.

The government spends most of its income (or revenue) on:

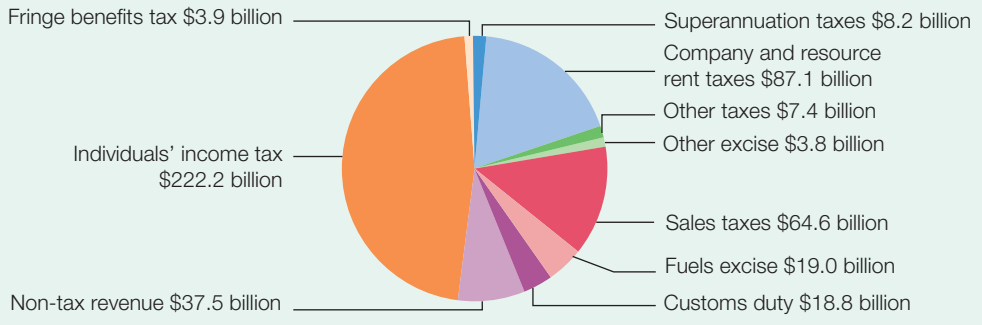
- social security and welfare. This includes the provision of pensions and other forms of support to the aged, people with disabilities and their carers, families with children, the unemployed and veterans
- health care
- education
- national defence.

Deciding where to spend government revenue is a difficult task and always creates controversy. This is because some individuals and groups benefit by receiving government assistance and services, while others feel their needs are overlooked.

budget deficit
a situation where an organisation plans to spend more money in the coming year than it expects to earn (or receive)



Source 14 Where does the federal government spend its money? (2020–21)



Source 15 Where does the federal government get its money from? (2020–21)

The Crown



Source 16 The Queen is represented in the Commonwealth Parliament by the Governor-General.

In addition to the two houses, the third component of our Commonwealth Parliament is the Crown – that is, the reigning British monarch, currently the Queen – who is represented in the Commonwealth Parliament by the governor-general. The Governor-General is appointed by the Queen on the advice of the Australian **Prime Minister**. They are always a prominent and well-respected Australian. The current Governor-General, who took up his five-year position in July 2019, is David Hurley. He is a retired chief of the Australian Defence Force and a former Governor of New South Wales.

The main role of the Governor-General is to:

- grant **royal assent** (give final approval), on behalf of the Crown, for a **bill** (proposed law) to become an Act of Parliament (law)
- perform ceremonial duties. For example, the Governor-General often represents Australia at important national and international events, such as Anzac Day ceremonies and the Olympic and Commonwealth Games. They also present awards granted under the Australian honours and awards system (recognising individuals who have made outstanding contributions to our society) and offer encouragement to Australians by supporting a wide range of charitable, educational and cultural events.

The Governor-General may also 'dissolve', or end, the term of parliament and call a federal election if both houses fail to agree over the passing of a significant law. This power is used rarely, and only in extreme circumstances.

Prime Minister
the leader of the party that forms the government

royal assent
the formal signing and approval of a proposed law (called a bill) by the Queen's representative, after which the proposal becomes law

bill
a proposal to implement a new law or change an existing law



Source 17 In 2019, David Hurley was appointed Governor-General by the Queen on the advice of Prime Minister Scott Morrison.

The structure of the state and territory parliaments

Each state parliament in Australia – with the exception of Queensland, which only has a lower house – follows the Westminster parliamentary system, and consists of two houses and the Crown. The parliaments of the two mainland territories – the Australian Capital Territory and the Northern Territory – consist of only one house and do not include the Crown. This is because they were created and given limited power to govern themselves by the Commonwealth Parliament after Federation.

Source 18 outlines the structure and names of each house in the Australian state and territory parliaments.

Quiz me!
A quick quiz on the Commonwealth Parliament

Source 18 The Australian state and territory parliaments

State	Name of lower house	Number of elected members	Name of upper house	Number of elected members	Crown representative
Victoria	Legislative Assembly	88	Legislative Council	40	Governor
New South Wales	Legislative Assembly	93	Legislative Council	42	Governor
Western Australia	Legislative Assembly	59	Legislative Council	36	Governor
South Australia	House of Assembly	47	Legislative Council	22	Governor
Tasmania	House of Assembly	25	Legislative Council	15	Governor
Queensland	Legislative Assembly	93	N/A	N/A	Governor
Australian Capital Territory	Legislative Assembly	25	N/A	N/A	Governor-General
Northern Territory	Legislative Assembly	25	N/A	N/A	Administrator (appointed by the Governor-General)

11.3 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** the term 'the Westminster parliamentary system'.

2 **Explain** why the Australian Commonwealth Parliament was established in 1901.

3 **Identify** three ways the Crown is represented in the Australian system of government.

Apply and analyse

4 Read the case study 'Federal government spending'.

- **a** Imagine you are responsible for preparing the federal budget for the coming year.
  - **i** Which three areas of government spending would you increase? **Justify** (give reasons for) your choice.
  - **ii** Which, if any, areas of government spending would you reduce? **Justify** (give reasons for) your choice.
- **b** What is a budget deficit? **Suggest** one reason why the federal government might plan for a budget deficit and one problem associated with a budget deficit.

Evaluate and create

5 **Create** a poster that outlines the composition and role of the two houses of the Commonwealth Parliament.

6 In 1999, a proposal was put to the Australian people to remove the Crown from the Commonwealth Parliament, so that Australia could become a republic. While the proposal failed, support for the republican movement has grown over recent years.

- Use the internet to **research** the debate about Australia becoming a republic.
- Investigate the strengths and weaknesses associated with Australia becoming a republic. Prepare a report that **evaluates** whether Australia should become a republic. Be sure to give your own opinion on the debate.

11.4 Comparing systems of government in Australia and Indonesia

In this topic, you will:

- explain the values and key features of Indonesia's system of government
- compare Indonesia's system of government with that of Australia.

The Republic of Indonesia is made up of over 17 500 islands. The largest and most well-known islands are Java (where the capital city Jakarta is located), Sumatra, Kalimantan, Sulawesi and Papua. Over 280 million people live in Indonesia, making it the fourth-most populated nation in the world, following China, India and the United States. Indonesia is also one of the most ethnically diverse nations in the world – it has approximately 1300 different ethnic groups who speak over 740 different languages and dialects. A range of different religions are also practised in Indonesia, with approximately 87 per cent of the population being Muslim, 7 per cent Protestant, 3 per cent Roman Catholic, and the remainder mainly practising the Hindu, Buddhist and Confucian religions.

The following are key features of Indonesia's system of government:

- a representative democratic republic
- three levels of government
- separation of powers.



Source 19 A range of different religions are practised in Indonesia. Here, a Hindu leader gives out flower petals during a mass preparing for the Hindu Ngaben ceremony in Bali.

republic
a system of government in which the power lies with a group of elected officials rather than a king or queen

A representative democratic republic

Indonesia became a **republic** in 1945 after the Indonesians claimed their independence from the Dutch and Japanese. In recent years, Indonesia has moved towards a representative democracy, in which the people vote to elect the parliaments and governments that make and implement Indonesian law.

History of Indonesian democracy

The Dutch ruled Indonesia for 300 years, until Japanese forces invaded and occupied the nation in 1942, during World War II. After the Japanese surrendered in 1945, a small group of Indonesians set up a temporary government and declared the nation an independent republic. However, the existence of many different political and religious groups, and ongoing disputes with the Dutch, meant that it was difficult to form a stable government. Since then, there have been a number of significant leaders of Indonesia. These are outlined in Source 20.

Source 20 Indonesia's leaders

GENERAL HAJI MUHAMMAD SUHARTO
IN OFFICE: MARCH 1968 TO MAY 1998

General Haji Muhammad Suharto was the head of the military, and was then installed as the nation's president. During his rule, Suharto was criticised for restricting the right to protest and freedom of speech. He was also criticised for breaching human rights, including ordering the 1991 massacre of hundreds of East Timorese people, who resisted Indonesian's occupation of their nation in 1975. In 1988, after months of anti-government riots and economic and political unrest, Suharto resigned.



Source 21 General Haji Muhammad Suharto

DR SUSILO BAMBANG YUDHOYONO
IN OFFICE: OCTOBER 2004 TO OCTOBER 2014

Indonesia slowly moved towards establishing more democratically elected parliaments. In 2004, Dr Susilo Bambang Yudhoyono won the nation's first direct presidential elections by popular vote, after approximately 110 million people (70 per cent of the 150 million registered voters) participated in a relatively free, fair and non-compulsory election. Yudhoyono was re-elected in 2009. He was unable to stand again in the 2014 elections. This was because, under changes to the Indonesian Constitution, the president can only serve a maximum of two five-year terms.



Source 22 Dr Susilo Bambang Yudhoyono

JOKO WIDODO
IN OFFICE: OCTOBER 2014 TO PRESENT

In 2014, Joko Widodo ran as the presidential candidate for the Indonesian Democratic Party of Struggle (PDI-P) and was elected. He was then re-elected in the 2019 election, after winning 55.5 per cent of the vote. When Widodo's presidential victory was announced, supporters of his opponent gathered in the nation's capital, Jakarta, to protest the result. The protest developed into a riot in which eight people were killed and hundreds were injured.



Source 23 Joko Widodo

Three levels of government

Indonesia has three levels of government: the national, **provincial** and district (or city) levels. Each parliament at each level of government is elected by the people to make laws on their behalf, and elections are held once every five years, on the same day.

provincial level of government
an intermediary (or secondary) tier or level of government; in Indonesia, for the purposes of governing, the nation is divided into 34 provinces or subdivisions

The structure of the national parliament

The Indonesian national parliament, which is responsible for making laws that apply to the whole country, is called the People's Consultative Assembly. It is similar to Australia's Commonwealth Parliament in that, since 2004, it consists of two houses:

- the lower house – the People's Representative Council (often referred to as the House of Representatives), which consists of 575 seats, or members
- the upper house – the Regional Representatives Council, which consists of 136 seats, or members.

While the People's Consultative Assembly consists of two houses, it differs from the Australian bicameral system in that a bill does not have to be passed by both houses to become a law. The final power to make and change laws is held solely by the People's Representative Council.

The political party that wins at least 288 of the 575 seats in the People's Representative Council also earns the right to govern.

Each of Indonesia's 34 provinces, except one, has its own parliament, called the Provincial Legislative Assembly, which is elected by the residents of the province. Each province is further subdivided into municipalities, or regencies, most of which also have their own parliaments, or District Legislative Assemblies. To encourage greater female participation in parliament, since 2004 a political party cannot contest the Indonesian elections unless least 30 per cent of their **candidates** at each level are women.

candidate
a person who puts themselves forward (i.e. stands) to be elected as a member of parliament

Challenges to voting in Indonesia

Having the national, provincial and district elections all on the same day makes the Indonesian electoral process challenging. In terms of organisation, enrolment must be finalised, and ballot papers must be printed and distributed throughout each of the provinces, including many that are in remote and isolated places.



Source 24 A woman votes in West Java during an Indonesian election.

Informing voters about their voting rights, the voting process and the candidates is a very difficult task, given the number of people vote in Indonesian elections and the number of candidates. In the 2019 elections, approximately 187 million people were eligible to vote at just 805 000 official polling centres, potentially causing major delays. Also in 2019, around 300 000 candidates put themselves forward to be elected to one of the 20 000 seats in the national, provincial and district parliaments.

To be eligible to vote in an Indonesian election, a person must be aged at least 17 years, or be married, and must hold an 'electronic identification card'. The requirement to hold an electronic identification card has meant that perhaps millions of otherwise eligible voters were not able to cast their vote at the 2019 elections. For example, people who are members of disadvantaged or low-income groups (such as people who live in remote areas or social housing, or who work in farming or mining) find it difficult, or are not able, to obtain a card.

Separation of powers

Like Australia, the Indonesian system of government is based on the principle of the separation of powers. This means that no one group or body can hold all three of the main branches of power in the Indonesian parliamentary system. In Indonesia:

- the power to administer or implement the law (*executive power*) is held by the president, who is elected as the head of the Indonesian Government in a separate presidential election held a few months after the parliamentary elections
- the power to make the law (*legislative power*) is held by the national, provincial and district parliaments that are elected by the people in parliamentary elections held every five years
- the power to interpret and apply the law (*judicial power*) is held by the courts; this allows the courts to enforce the law and settle disputes.

The Indonesian system of government is also similar to Australia's in that different political parties contest each election, although in Australia the two major parties (the Liberal Party and the Australian Labor Party) dominate the voting, while in Indonesia a variety of large and small political parties compete at election time. This means the party composition of the People's Consultative Assembly can change significantly with each election. Some of Indonesia's main political parties are the Indonesia Democratic Party of Struggle (known as the PDI-P), the Great Indonesia Movement Party (known as Gerindra) and the Functional Groups Party (known as Golkar).

Key skill worksheet
Communicating & reflecting: Comparing systems of government in Australia and Indonesia

CASE STUDY

Should Indonesia have the death penalty?

In April 2015, two Australian men named Andrew Chan and Myuran Sukumaran were executed by the Indonesian Government after being convicted for drug-trafficking offences. Both men were members of the 'Bali Nine', a group of nine Australians who were arrested in Denpasar, Bali, for trying to smuggle approximately 8 kilograms of heroin – worth $4 million – from Indonesia to Australia in 2014. Four other members of the group were also sentenced to death, but had their sentences reduced to life imprisonment on appeal.

In recent years, the Indonesian courts have continued to impose the death penalty, with over 100 offenders being sentenced to death in 2020 – most for committing drug-related offences such as drug-trafficking. Other offences that have resulted in offenders being receiving the death penalty include murder, terrorism and sexual offences against children. While Indonesia has not carried out an execution since 2017, there were approximately 275 prisoners waiting for their death sentence to be carried out in 2020.

As of 2021, 14 countries worldwide use the death penalty, including Indonesia. It still has strong support within Indonesia – with some surveys suggesting support could be as high as 80 per cent of people. Support for the death penalty is particularly high among members of the police, security forces, and some Muslim groups who believe that it is an appropriate punishment for those who commit very serious crimes – such as terrorism, mass murder and trafficking large quantities of illegal drugs. Those who oppose the death penalty, in Indonesia and elsewhere, argue that it is 'state-approved murder', and that it does not make a society safer or reduce the likelihood of similar crimes happening in the future.



Source 25 In 2015, Australian citizens Andrew Chan and Myuran Sukumaran were executed by an Indonesian firing squad after being convicted of drug-trafficking in 2005.

* **Think, pair, share**

- Think about whether Australia should reintroduce the death penalty for people who have been found guilty of terrorism offences.
- Discuss your ideas with a partner.
- Share your thoughts with the class.

11.4 CHECK YOUR LEARNING

Review and understand

1 **Identify** who ruled Indonesia before the Japanese invasion in 1942.
2 **Identify** the three levels of government in Indonesia.
3 State the name and **outline** the basic role and structure of Indonesia's national parliament.

Apply and analyse

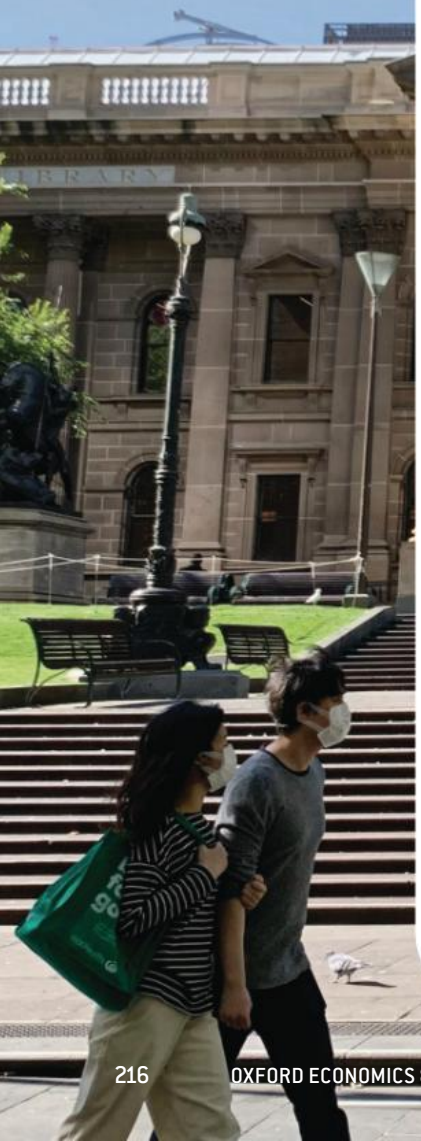
4 **Compare** Indonesia's system of government with Australia's, using two specific examples.
5 **Distinguish between** the types of government that existed in Indonesia under the rule of President Haji Muhammad Suharto compared to President Susilo Bambang Yudhoyono.

Evaluate and create

6 **Create** a timeline that illustrates key changes in the Indonesian Government since 1942.
7 Read the case study 'Should Indonesia have the death penalty?'
   a **Explain** why Andrew Chan and Myuran Sukumaran were executed.
   b **Identify** the offences that are most likely to result in the offender being sentenced to death in Indonesia.
   c **Discuss** whether or not Indonesia should abolish the death penalty. Remember, the best discussions always consider both sides of the argument.

11A RICH TASK

Quizlet
Revise the key terms you have learnt so far.



Source 26 Masked-up locals shop for essentials in front of a deserted State Library Victoria on Swanson Street in Melbourne amid the COVID-19 pandemic.

Section 18C

In 1975, the Australian federal Labor government passed the *Racial Discrimination Act* to ensure that all people, regardless of their nationality and background, would be treated equally.

Section 18C of this Act effectively limits freedom of speech by making it illegal for any individual to act in a way that is reasonably likely to 'offend, insult, humiliate or intimidate' another person or group due to their race, colour, national or ethnic origin.

In 2014, the federal Liberal–National Party Coalition government announced its intention to strengthen freedom of speech by changing Section 18C of the *Racial Discrimination Act* to remove the words 'offend, insult or humiliate' and inserting the word 'vilify', so that it would only be unlawful to 'intimidate or vilify' another person or group on the basis of their race or ethnicity. ('Vilify' means to speak or write about someone in a degrading manner, so that other people will have a low opinion of them.) This started a debate about whether our laws should allow an individual the right to speak in a manner that may offend, insult or humiliate another on the basis of their race. Eventually this proposed change in the law was dropped.

In 2017, the federal Liberal government again proposed a change to Section 18C. This time, the government proposed replacing the words 'offend, insult or humiliate' with the term 'harass'. The proposal was debated in the Senate for several hours, before being dropped.

In 2020, public discussion around Section 18C emerged again when a spate of racially fuelled attacks took place across Australia. The Australian Human Rights Commission found that one in four people who reported racial discrimination in February and March 2020 linked it to anti-Asian sentiment amid the COVID-19 pandemic. These senseless attacks, based on false beliefs and misconceptions, sparked calls to strengthen Section 18C.

The following quotes show differing views of Australians about this issue.

Source 27

People do have a right to be bigots, you know. In a free country, people do have rights to say things that other people find offensive, insulting or bigoted.

George Brandis,
former Commonwealth Attorney-General

The best counter to a bad argument is a good one, and the best antidote to bigotry is decency, proclaimed by people engaging in a free and fair debate.

Tony Abbott,
former Prime Minister of Australia

For them [journalists and politicians] it's a game, it's a debate about words and abstract principles. For people who have experienced racism, it is a deeply personal debate, and it's actually a debate about real people and real hurt.

Penny Wong,
Labor senator

This matters because ... plenty of white people ... are good at telling coloured people what they should and shouldn't find racist, without even the slightest awareness that they might not be in prime position to make that call.

Waleed Aly,
lawyer and media commentator

Since 2013 the Liberals have fought to undermine the anti-discrimination laws [by] twice trying to scrap the racial hate speech protections in Section 18C ... and have been far too slow to condemn racism and to stand up for all Australians.

Chinese-born Australian man James Lin,
who was attacked in March 2020 at the beginning of the COVID-19 pandemic

KEY SKILL
Analysing sources

Understanding and addressing task words

One important skill you need to develop is the ability to specifically address 'task words' when preparing a response to a question, and avoid simply writing everything you know about a topic. The table in Source 28 lists and explains the meaning of some common task words used in humanities subjects. A larger glossary of task words can be found on your obook pro.

One of the most important task words in humanities is *compare*. To compare, follow these steps:

Step 1 Examine the sources that you have been asked to compare. Use a coloured highlighter to identify any similarities between each of the sources.

Step 2 Read the sources again. Now, use a different-coloured highlighter to identify any differences between each of the sources.

Step 3 Write a comparison by outlining these similarities and differences.

Step 4 Provide a conclusion that includes your own point of view, based on evaluating the different opinions.

For more information on this key skill, refer to page 137 of 'The civics and citizenship toolkit'.

Source 28 Some common task words

Task word	Meaning
Analyse	Examine a complex feature, issue or concept by breaking it down into smaller parts and showing how they relate to each other
Compare	Explain how two (or more) things are similar and how they are different
Define	State the exact nature, features or meaning of a word or phrase
Describe	Give a detailed account
Discuss	Give a reasoned argument for and against a particular issue, including strengths and weaknesses if appropriate; you can also give your opinion – and you should if the question asks you to!
Evaluate	Identify key features and assess their strengths and weaknesses; provide a judgment about the overall worth of what is being evaluated
Explain	Clarify a situation, idea or concept by describing it in more detail and identifying relevant facts about it

Practise the skill

1 In small groups, **compare** the quotes made by Australians in response to changing Section 18C of the *Racial Discrimination Act* in Source 27.
   - a **Determine** (decide) the meaning of each quote and classify each as either supporting or opposing the changes to the Act.
   - b **Explain** the similarities between the two categories of quotes and the differences between the views expressed in each category.
   - c **Discuss** which quotes you most agree with.
   - d Select two quotes of opposing views. **Research** the person responsible for the statement. Suggest possible factors that may influence their position on freedom of speech.

Extend your understanding

1 Prepare a written report that discusses the extent to which our laws should uphold and protect freedom of speech. In your report:
   - **evaluate** the main arguments supporting laws that protect free speech
   - **compare** two of the opposing views expressed in the quotes provided in Source 27
   - write a conclusion that expresses your personal view.

11.5 How our democracy is shaped by national and international factors

In this topic, you will:

» explore how national and international factors influence Australia's democracy.

Over the years, a range of national and international factors have influenced our system of government and the democratic values that underpin this system. For example, in 2020 the global COVID-19 pandemic resulted in limitations being placed on some of the basic democratic freedoms that Australians value, including freedom of movement and freedom of assembly. The pandemic also impacted upon our living standards, as many Australians lost their jobs and income. This in turn increased inequality and caused some people to feel dissatisfied with the federal and state governments' response to the pandemic.

Another example is the 2020 Black Lives Matter protests, which began in the United States in May following the death of a 46-year-old Black American man named George Floyd. Floyd died after being held to the ground by the knee of an American police officer. After protests erupted in every state of the United States, they spread to Australia. Thousands of people defied COVID-19 restrictions to participate in demonstrations and urge the government to improve the rights of Aboriginal and Torres Strait Islander peoples. These Black Lives Matter demonstrations were just one of many protests that have taken place since Australia became a nation (in 1901) to increase the rights and recognition of Australia's First Peoples – which, in so many ways, have been neglected since the British colonised Australia.



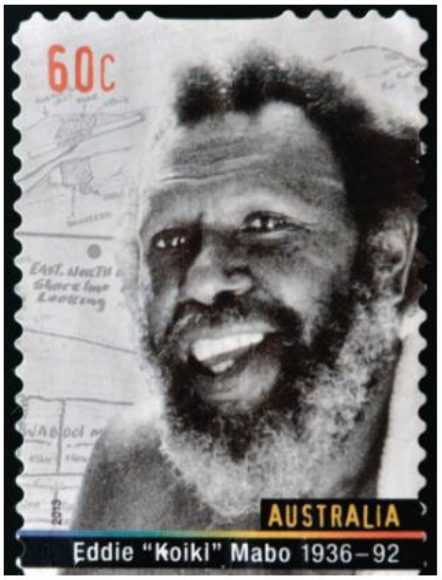
Source 1 Government restrictions in Melbourne during the COVID-19 pandemic prohibited crowds from gathering in public places.



Source 2 In 2020, thousands of Australians joined in Black Lives Matter demonstrations demanding increased recognition, rights and living standards for Aboriginal and Torres Strait Islander peoples.

Recognition of Aboriginal and Torres Strait Islander Australians

Australia inherited its democratic system of government from the British, who colonised Australia in 1788. However, when the British arrived to set up the first colonies, they simply imposed British laws and failed to respect and acknowledge the rights and existing laws of Aboriginal peoples who had been on the land (or 'on Country') for thousands of years. The British Government did not recognise that Aboriginal and Torres Strait Islander peoples owned the land, and imposed the legal principle of ***Terra Nullius***, meaning that Australia was officially considered to be an 'empty land' before British settlement. This false legal principle remained a part of Australian law until 1992, when the High Court made a significant ruling – in a case called the *Mabo* decision – that recognised Aboriginal and Torres Strait Islander peoples as the traditional owners of the land.



Source 3 An Australian stamp, *c*. 2013, recognises the work of activist Eddie Koiki Mabo, a Meriam man from the Torres Strait Islands who brought a legal action challenging the principle of *Terra Nullius*.

Additionally, when the Australian Constitution was drafted in the late 1800s, it reflected the widespread prejudices that existed against Aboriginal and Torres Strait Islander peoples at the time. For example, the Constitution originally contained a clause that specifically prohibited the Commonwealth Parliament from making laws for 'the aboriginal race'. This meant that the federal parliament could not make uniform laws that applied to, and for the benefit of, Aboriginal and Torres Strait Islander peoples. Aboriginal and Torres Strait Islander peoples were also not counted in the national **census**, which symbolised a blatant disrespect for these people and their cultures.

It took until 1962 – 60 years after white women were granted the democratic right to vote in Australia – for all Aboriginal and Torres Strait Islander people to be given the right to vote. Furthermore, it was not until 1967 that a successful **referendum** led to a change in the Australian Constitution that allowed the Commonwealth Parliament to make laws with regard to Aboriginal and Torres Strait Islander peoples, and to include Aboriginal and Torres Strait Islander people in the national census.

Terra Nullius
a Latin expression meaning 'land belonging to no one'; a principle used by British colonists to justify the occupation of Australia without treaty or payment

Analyse this!
The *Mabo* decision

census
a 'head count' or audit of the number of people living in a particular place at a particular time

referendum
the method for changing the wording of the Australian Constitution; it requires a proposal for change to be approved by the Australian people in a compulsory public vote



Changes since 1967

White Australia Policy
a series of government policies introduced after Federation in 1901 that prevented 'non-white' immigrants from settling in Australia, instead favouring those from certain European nations (especially Britain)

self-determination
the right of the people in a particular place to choose the form of government they will put in place and the course of action they will take

Stolen Generations
the children of Aboriginal and Torres Strait Islander descent who were forcibly removed from their families by government officials and church Missions in Australia and raised by white Australians

Since the 1967 referendum, other significant events and changes in the law have taken place, although relatively slowly, to increase the rights of Aboriginal and Torres Strait Islander peoples and improve democracy in Australia. These include:

- the 1973 abolition of the **White Australia Policy** and the subsequent introduction of a policy of **self-determination** for Aboriginal and Torres Strait Islander peoples, who were given the limited right to 'cultural and linguistic management of natural resources on Aboriginal land'
- the 1987 Royal Commission into Aboriginal Deaths in Custody, which highlighted the alarmingly high proportion and death rate of Aboriginal and Torres Strait Islander people in Australian prisons
- the 1992 High Court of Australia *Mabo* decision that recognised Aboriginal and Torres Strait Islander peoples as the traditional owners of the land
- the 2008 national apology, by Labor Prime Minister Kevin Rudd, to Aboriginal and Torres Strait Islander peoples for the discriminatory and unjust policies of past governments, including policies that lead to the '**Stolen Generations**'
- the 2019 establishment of a formal partnership agreement between the Commonwealth, state/territory and local governments and over 50 Aboriginal and Torres Strait Islander organisations to enable these bodies to work together to develop a national strategy for reducing the inequality experienced by Aboriginal and Torres Strait Islander peoples – called the *National Agreement on Closing the Gap*.



Source 4 While the formal acknowledgment of Aboriginal and Torres Strait Islander peoples in the Australian Constitution would be a symbolic step towards reconciliation, there is much more to be done in ensuring equality for Australia's First Peoples.

While these changes have aimed to improve the rights of Aboriginal and Torres Strait Islander peoples, much more needs to be done to raise the living standards in Australia's Aboriginal and Torres Strait Islander communities and acknowledge the importance of Australia's Aboriginal heritage. Perhaps the next major step in evolving our democracy will be to alter the Constitution to include a formal acknowledgment of Aboriginal and Torres Strait Islander peoples as the First Peoples and original inhabitants of the land. This recognition would help continue the process of **reconciliation** between Aboriginal and Torres Strait Islander peoples and the wider Australian community, and increase awareness and acknowledgment of Aboriginal and Torres Strait Islander rights, cultures, languages and heritage.

Australia's involvement with the United Nations

Another international factor that has helped shape Australia's democracy over the years has been our commitment to upholding and protecting the basic democratic and human rights and freedoms contained in the United Nations Universal Declaration of Human Rights. These ultimately aim to uphold the fundamental right of all people to be treated with equality and dignity.



Source 5 Australian soldiers have been involved in United Nations peacekeeping missions to help restore peace and stability to Timor-Leste (East Timor).

Australia is also committed to a number of other **treaties** that ensure the protection of democratic rights and values. These include the International Covenant on Civil and Political Rights, which requires its **signatories** to uphold a number of democratic rights and values, including the right to freedom of assembly and movement, the right to freedom from slavery, the right to take part in public affairs – either directly or through freely chosen representatives – and the right to vote.

Australia also aims to assist the United Nations in the promotion and protection of global human rights and the improvement of living standards in **developing countries**. Australia is the 12th largest financial contributor to the United Nations regular and peacekeeping budget, and since 1947 has provided more than 65 000 personnel to United Nations and other multilateral peace and security operations (that is, operations involving three or more countries). In recent years, Australians have served in various United Nations peace and security operations, including in the Middle East, Cyprus, Afghanistan, South Sudan and Timor-Leste (East Timor).

reconciliation
the bringing together of Aboriginal and Torres Strait Islanders and non-Indigenous Australians; it involves working to overcome past divisions and address inequalities between Aboriginal and Torres Strait Islanders and non-Indigenous Australians

treaties
formal documents signed by nations or international organisations, that legally require them to follow the conditions set out in the document (also known as a convention, protocol or covenant)

signatories
countries that have signed an international treaty to demonstrate their intention to adopt the treaty and incorporate it into their law at a later date

developing country
a country with a relatively fragile economy and a low standard of living that is not always able to support the needs of its citizens

11.5 CHECK YOUR LEARNING

Review and understand

1 **Identify** the principle that the *Mabo* decision overturned.
2 **Explain** two changes that have taken place since 1967 to improve the legal rights of Aboriginal and Torres Strait Islander peoples.

Apply and analyse

3 **Describe** how the 2020 global COVID-19 pandemic impacted upon basic democratic freedoms in Australia.
4 **Describe** how Australia's commitment to one international treaty has helped protect democratic rights and values.

Evaluate and create

5 a **Create** a timeline that shows the significant events and changes in the law that have taken place since the 1967 referendum to increase the rights of Aboriginal and Torres Strait Islander peoples.
b **Research** one of the changes in the law identified on your timeline. Discuss whether the change has been successful in improving the rights or living standards of Aboriginal and Torres Strait Islander peoples.
6 In pairs, reflect on your exposure to the Black Lives Matter movement in 2020.

11B

RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Australia's international democratic ranking

Various organisations gather statistics and publish information on global democracies in an effort to determine which nations are the most and least democratic. The Democracy Index (which has been published by the Economist Intelligence Unit each year since 2006) is one of the best-known surveys on global democracy.

The Democracy Index attempts to measure the level of democracy in 167 countries and rank them in terms of regional and global performance. In order to do this, the Index examines approximately 60 different indicators to assess five broad criteria:

- the nation's electoral process
- basic civil rights and freedoms
- the manner in which the government operates
- the level of political participation
- the nation's overall political culture.

After these areas have been assessed each country is classified as being either a full democracy, a flawed democracy, a hybrid regime (a mix of democracy and authoritarian rule) or an authoritarian regime. Each country is then ranked from 1 to 10, with the most democratic countries being awarded 10.

According to the 2020 Democracy Index (see Source 7), Norway was the most democratic country in the world. Australia was ranked ninth, drawing equal place with the Netherlands. The United States ranked 25th (having fallen from being ranked 20th in 2015), and the United Kingdom ranked 16th. Some of the lowest ranked – or least democratic – countries in the world were North Korea, the Democratic Republic of the Congo, the Central African Republic, Syria, Chad, Turkmenistan, Laos and Equatorial Guinea.

Only 8.4 per cent of the 167 countries examined in the Index were classified as having a full democracy. Approximately 34 per cent were categorised as having authoritarian regimes. This is where a nation is ruled by a central organisation or government that is not accountable or responsible to the people. An authoritarian regime often relies on mass acceptance by the people, rather than being popularly elected in free and fair elections.

Approximately half of the world's population was categorised as living in a democracy of 'some sort'.



Source 6 Norway is the most democratic country in the world, according to the Democracy Index.

Source 7 The 10 most democratic countries in the world, 2020

Ranking	Country	Score
1	Norway	9.81
2	Iceland	9.37
3	Sweden	9.26
4	New Zealand	9.25
5	Canada	9.24
6	Finland	9.20
7	Denmark	9.15
8	Ireland	9.05
9=	Australia	8.96
9=	The Netherlands	8.96

Source: The Economist Intelligence Unit Limited

KEY SKILL
Asking questions & conducting research

Developing an inquiry

Developing an inquiry is an important skill to learn. It enables us to research new information and knowledge, rather than just memorising information that has been provided to us.

While developing an inquiry is an excellent way to investigate and develop a deeper understanding of an issue or topic, it is not always an easy thing to do. It requires careful consideration and planning. Follow the steps below to develop an inquiry:

Step 1 Think about what you already know about the topic. What sort of information might you need to collect to develop this understanding?

Step 2 Based on your thoughts in step 1, devise an overarching inquiry question; that is, one big, guiding question that you are hoping to answer. For example: 'How democratic is Australia?'

Step 3 Based on the overarching inquiry question you developed in step 2, create a series of smaller questions to help guide your investigation. For example:

- Are there any laws or rules that make Australia a democracy?
- What types of threats to democracy exist in Australia?
- Are there any other groups like the Economist Intelligence Unit that rank and judge democracy in Australia?

Step 4 Now that you know what you are looking for, work out where might be the best place to find this information. You may like to research using the internet or library, conduct interviews or surveys, or simply begin by reading through your textbook and your notes from class.

Step 5 Decide on the best way to evaluate the information you have collected. For example, you might prepare a table of pros and cons, draw diagrams and/or create a flow chart or concept map.

Step 6 Decide how you will present or display the information you have gathered from your inquiry questions.

For more information on this key skill, refer to page 135 of 'The civics and citizenship toolkit'.

Practise the skill

1 Conduct an inquiry to **evaluate** the extent to which Australia is a democracy. Use the steps listed above to help you design your inquiry questions. Consider posing some questions based on the key features of a democracy that have been outlined in this chapter. For example:
   - How free and fair are Australian elections?
   - Does the parliament really make laws that represent all Australians?
   - Is the government really accountable to the people?

Extend your understanding

1 **Create** a presentation on Prezi that outlines and examines one or more key features of our Australian parliamentary system. In your presentation, make links between the Australian parliamentary system and democracy.



Source 8 Australia is ranked as one of the top 10 most democratic countries in the world. Some of our democratic values are the right to freedom of speech and assembly, and the right to peacefully protest. This image shows an 'Invasion Day' rally held in Melbourne to highlight the injustices faced by Aboriginal and Torres Strait Islander peoples.

11.6 Safeguards to Australia's democratic society

In this topic, you will:

» identify the safeguards that protect Australia's democratic system and society.

In order to have a strong democratic society, Australia's system of government is based upon core beliefs and attitudes that are respected and valued by most people. For example, our democracy is based on the beliefs that:

- the people elect the government
- elections are free and fair
- governments uphold basic human rights.



Source 1 Over 16 million Australians cast their vote at one of 8500 polling places in the 2019 federal election.

The people elect the government

The federal parliament and the state and territory parliaments of Australia are elected by the people to make laws on their behalf. The intention of compulsory voting is to make sure that our governments have the support of the majority of the people and not just those who bother to vote.

Elections are free and fair

Independent state, territory and federal electoral commissions have the role of ensuring that all state, territory and federal elections in Australia are free, fair and conducted in accordance with state/territory and Commonwealth law. For example:

- The Australian Electoral Commission (AEC) is responsible for managing federal elections and maintaining the Commonwealth electoral roll, which lists the names and addresses of all eligible citizens who have enrolled to vote.
- The AEC must confirm that all eligible voters throughout Australia (that is, over 16 million people) are able to cast their vote in secret. Voting is done in secret to reduce the risk of voters being intimidated or forced into voting for a person or party against their will.



Source 2 Scott Morrison and his wife Jenny vote in the 2019 federal election. Morrison was re-elected as prime minister.

- Each citizen may only vote once. Every vote has the same value, regardless of whose it is.
- Voting can take place on election day at venues or polling booths, or at early voting stations or via postal votes for those who cannot attend on the day.
- The AEC must check that votes are honestly counted.

Quiz me!
A quick quiz on safeguarding Australia's democracy

Governments uphold basic human rights

An underlying feature of democracy in Australia is that our parliaments must make and enforce laws and policies that protect basic human rights, so that all citizens are treated with dignity, equality and mutual respect. This aims to promote social cohesion. Some basic human rights upheld by Australian laws include the right to:

- not be discriminated against on the basis of race, nationality, religion, sex, age, marital status, impairment or disability
- broad freedom of speech, assembly and protest, which enable citizens to debate political issues and openly express their views without fear of being punished
- a fair trial and freedom from torture
- life, liberty and security of person
- work and live in a healthy environment
- basic health care and education.

Governments also provide structures (including courts, tribunals and government departments) and services (including hospitals, schools, universities, prisons, and defence and police forces) and social welfare benefits (including aged pensions and unemployment benefits). This is so that Australians can live together in a peaceful, orderly, cooperative and tolerant manner.



Source 3 The provision of police is one of the ways that government uphold human rights. For example, some clashes between the far-right protest group Reclaim Australia and anti-racism groups at public demonstrations have required police intervention.

11.6 CHECK YOUR LEARNING

Review and understand

1 **Identify** the three beliefs on which Australian democracy is based.

2 **Identify** at least six basic human rights that are upheld by Australian law.

Apply and analyse

3 **Explain** the reasons for having compulsory voting.

4 **Explain** how you think our democracy would be affected if core beliefs and attitudes were not protected. In your answer, give two examples of possible outcomes.

Evaluate and create

5 **Create** a poster that illustrates the key features of Australia's democracy.

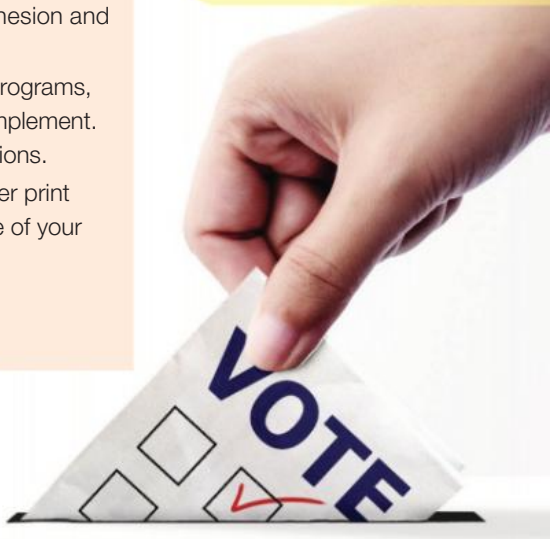
6 Imagine you were employed by the federal government to improve social cohesion and unity within Australia.

- a **Propose** (put forward) three programs, laws or initiatives you would implement. Give reasons for your suggestions.
- b **Create** an advertisement (either print or audiovisual) to promote one of your proposals.

* **See, think, wonder**

Look at Source 3.

- What do you see?
- What do you think?
- What do you wonder?



11.7 Threats to Australia's democratic society

In this topic, you will:

» consider threats to Australia's democracy, including vested interest groups, media bias and an ageing population.

While Australia is generally a cohesive and united nation built on democratic principles, various factors – including the influence of groups with vested interests, media bias and our ageing population – could potentially threaten our democratic and harmonious way of life.

Influence of those with vested interests

Having a vested interest means that a person or organisation may support an individual member of parliament or political party to make a personal gain (for example, to increase their own financial wealth or power). Over recent years, there has been an increasing concern that a small number of very wealthy individuals and large corporations have been able to have a disproportionate amount of influence over government policy in Australia by making large donations to political parties that benefit their interests. For example, Clive Palmer, the owner of a number of Australian mining companies, spent $83 million funding his own political party – Clive Palmer's United Australia Party – in the 2019 federal election. Although Palmer's party failed to win any seats, he spent millions of dollars on mostly 'anti-Labor' advertising, which may have indirectly persuaded some people to vote for the Liberal–National Coalition.

Similarly, prior to the 2019 federal election, both the Liberal and Labor Parties received large donations from wealthy individuals who owned businesses that might benefit from their election. Both political parties also received large donations from organisations with specific political interests, including:

- the four major banks (ANZ, Westpac, National Australia Bank and the Commonwealth Bank), which have a vested interest in banking regulations
- the Australian Hotels Association, which has a vested interest in many areas of the law, including liquor licensing and gaming machines
- Phillip Morris, a tobacco company with vested interests in the tobacco laws
- Pfizer and Johnson & Johnson, pharmaceutical companies with vested interests in the regulations surrounding the distribution of medicines, vaccines and health-care products (and which, in 2020, became two of the manufacturers of COVID-19 vaccines).

I used to think, now I think

Reflect on what you have learnt about donations to political parties and complete the following sentences.

- I used to think ...
- Now I think ...

What has changed in your understanding?

Media bias and voting

A democratic system relies on individuals being able to make informed decisions about which political party or **independent candidate** would make laws that best reflect their views and values. When making such decisions, most voters gain their information from the **media**. It is therefore essential that the media presents impartial and unbiased information, especially in the lead-up to an election.

But just how impartial is the Australian media, and to what extent does the content in the mainstream media organisations reflect the political interests of their owners and the senior editors, rather than an independent and unbiased view?

It is important to remember that the media is generally not impartial. Many media organisations and forums that distribute news and information to the public – including political parties, special interest (or pressure) groups and businesses – have a perceived bias

independent candidate an individual who stands for election, but does not belong to a political party

media organisations and forums that communicate news and information to the public, such as newspapers, magazines, and television and radio broadcasters (often referred to as 'traditional media'), and online websites and social media apps (such as Facebook, Twitter and Instagram)

or political leaning. For example, Crikey.com is often viewed as being a 'left-leaning' organisation, meaning it has less-conservative views. Different media outlets also have their own way of presenting events and issues of the day. It can be an interesting exercise to scan different online news services or flick across television news channels to see how the same issue is being presented in a single day by different sources. You may notice subtle or more obvious bias across different news organisations as you look around.

In Australia the two biggest and most influential media organisations, News Corp Australia and Nine Entertainment Co, are often criticised for showing a conservative political bias. Given that News Corp Australia and Nine Entertainment Co account for approximately 85 per cent of all newspaper sales in Australia and have a large online profile, these organisations certainly have the ability to influence a wide audience. The ABC, too, is criticised for being too politically liberal (broad-minded) in the stories that it produces.


The Daily Telegraph
We're for you
EXCLUSIVE
Hotels to face some pub pain
ANNA CALDWELL
REVEALED
Jobless figures a big fright
GERARD COCKBURN
Bungles hotel quarantine
Allows virus to spread
Refuses calls for answers
Will not take any blame
DAN-MADE DISASTER
ANNA CALDWELL

Source 4 This front page of *The Daily Telegraph* (in Sydney) shows political bias against the Victorian Labor government during the 2020 COVID-19 pandemic.

Source 5 A summary of some major Australian media organisations and their perceived political biases

Print/digital media organisation	Publications	Perceived bias
News Corp Australia	*The Australian* *The Daily Telegraph* (Sydney) *The Herald Sun* (Melbourne) *The Bolt Report*	Generally recognised for supporting the Liberal–National Coalition
Nine Entertainment Co	*The Age* (Melbourne) *The Sydney Morning Herald*	Generally recognised for supporting the Labor Party
Australian Broadcasting Commission (ABC)	*ABC News* *Insiders* *Q&A* *Lateline*	Often viewed as supporting the Labor Party and the Australian Greens

Social media

Social media apps and networking sites (such as Facebook and Twitter) also provide individuals, special interest groups, political parties, businesses and other organisations with the ability to distribute news and information in a biased manner to a huge audience, both within Australia and on a global level. Approximately 60 per cent of Australians actively use Facebook and approximately 15 million Australians visit YouTube every month. Much of the information distributed on these forums is not obtained from a reputable source, and is not accurate. On these platforms, information about social and political issues (such as climate change, health care and the management of the economy) can be presented in a very simplistic manner, which does not allow the reader to critically analyse the information or make an informed decision.

CASE STUDY

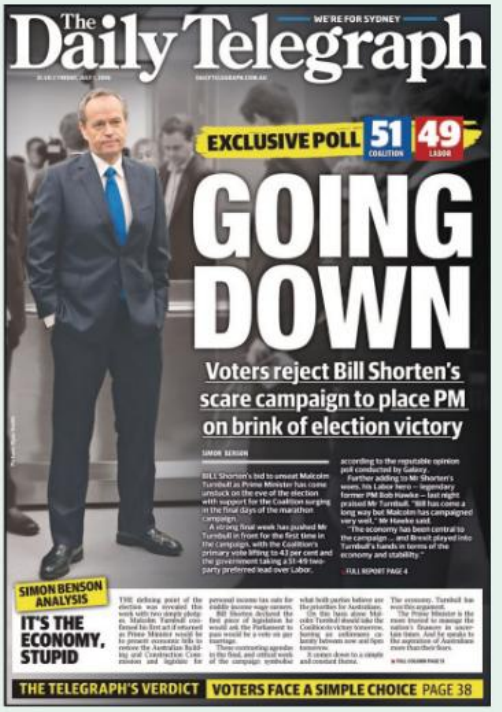
Does the media decide who wins an election?

Over the years, various media organisations have been accused of showing particular bias for and against certain political parties during federal election campaigns. For example, during the 2016 and 2019 federal election campaigns, News Corp Australia was accused of biased anti-Labor reporting, with the aim of ensuring the re-election of the Liberal–National Coalition government of the day, under the leadership of Prime Minister Scott Morrison. News Corp Australia, which owns and publishes approximately 170 newspapers and magazines in Australia, is mainly owned by a multinational media organisation called News Corp, which was founded by its CEO, Rupert Murdoch. With such a large readership base, it certainly has a great ability to influence a wide audience and potentially sway many voters.

It has long been suggested that Murdoch influences anti-Labor reporting in News Corp Australia's newspapers to further his business interests. For example, it was alleged that Murdoch considered the Labor Party's commitment to a National Broadband Network a threat to Foxtel, another company largely owned by News Corp.

Examples of negative media coverage in News Corp Australia's publications in the lead-up to the 2016 federal election include a front page of *The Daily Telegraph* displaying a cartoon of the then Leader of the Australian Labor Party, Bill Shorten, that likened him to 'Pinocchio' for allegedly telling deliberate lies to gain power. The newspaper also printed an article with a headline implying that Shorten had 'man boobs', which could have damaged his image and hindered his chances of becoming prime minister. Examples of News Corp headlines on this matter can be seen in Sources 6 and 7.





Source 6 The headline on the front page of the *Daily Telegraph* the day before the federal election in 2016; at the time, Bill Shorten was the Leader of the Labor Opposition.



Source 7 The front page of *The Daily Telegraph* in 2018 after the High Court ruled that three Labor members of the federal parliament would need to resign their parliamentary positions because they held dual citizenship

An ageing population

Because families are having fewer children and life expectancy is increasing, Australia is becoming an ageing nation. This will have political consequences that could affect our democracy. For example, in the early 1970s approximately 8 per cent of Australia's population was aged over 65 years. By 2019 this had increased to 16 per cent and it is predicted to rise to 23 per cent by 2050. As more voters enter the over-65 age group, the elderly will have more political power and be able to place greater pressure on governments. Presumably, the elderly would seek to implement policies and laws that focus on their needs, including increasing aged pensions and the provision of health-care services for the elderly.

By contrast, the priorities of younger voters are generally related to the environment, education and enacting social change. At the 2019 federal election, the political gap between younger and older voters appeared to have widened, growing 4 per cent larger than it was in 2016. These political divisions seem to have been amplified by the candidates' different views on housing prices, tax and climate change. The increasingly ageing population of Australia may sway policy-making away from the priorities of younger voters, potentially unbalancing and threatening social cohesion.



Key skill worksheet
Analysing sources: Media coverage of COVID-19

11.7 CHECK YOUR LEARNING

Review and understand

1 **Identify** two threats to Australia's democratic society.
2 **Explain** how an individual or organisation with a vested interest can influence political outcomes.
3 **Explain** how an ageing society could be a potential threat to democracy.

Apply and analyse

4 **Examine** Sources 4, 6 and 7.
   a What do you think the meaning or message of each source is?
   b **Identify** the techniques that have been used by the creators to communicate their message.
   c Do you think these images show media bias in politics? **Justify** (give reasons for) your answer.
   d **Explain** how a biased presentation of information in the media could influence Australia's democracy.
5 What do you think are the three biggest threats to social cohesion and unity in Australia today? Suggest ways in which these threats could be minimised.

Evaluate and create

6 In groups, **discuss** whether the following policies or law changes might strengthen or threaten our democratic and cohesive society. Share your response in a wider discussion with the class.
   a bringing back the death penalty as a punishment for very serious crimes, such as mass murder and terrorism
   b banning political parties from advertising on television and radio during election campaigns
   c continuing to severely restrict the number of asylum seekers allowed into Australia
   d abolishing compulsory voting
   e banning the building of an Islamic mosque in a country town
   f teaching children in primary schools about domestic violence.
8 Many countries throughout the world are facing political unrest, and difficulties in achieving and maintaining a democratic system of government.
   a **Research** one country that is currently experiencing threats to its democracy; for example, Hong Kong, Venezuela, Algeria or Myanmar.
   b **Create** a PowerPoint presentation that includes the name of your selected country and a map showing its global location. Include the following information:
      - a brief description of the main threats to democracy being experienced; these may include:
         – threats to the voting system and free and fair elections (for example, due to the government or military interfering with the voting process, war and corruption, low literacy rates or a lack of reliable reporting of information in the media)
         – threats to freedom of speech or movement (for example, due to government laws or policies, or COVID-19)
      - an explanation of the impact, or possible impact, of the threats on the country; this may include the impact of the threat on the government, any specific groups or organisations, and the general population.

   Share your PowerPoint presentation and findings with the class.

11C

RICH TASK

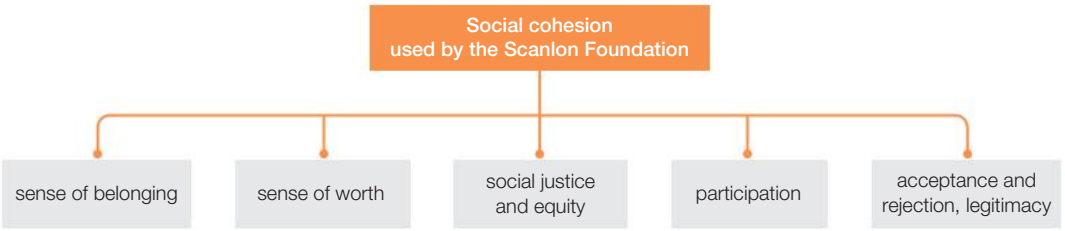
Quizlet
Revise the key terms you have learnt so far.

Maintaining a democratic and cohesive society

Many different factors influence social cohesion in Australia. For example, when the Scanlon Foundation – an organisation that aims to enhance social cohesion in Australia – conducts research, it examines five key indicators.

These include whether or not Australians have:

- a sense of belonging and pride in being Australian
- a sense of self-worth, or a general feeling that they are happy and satisfied with life and have positive expectations about the future
- a sense that social justice and equity exist in our country
- a willingness to participate in voluntary work and the political process (including a right and willingness to vote and to protest for law changes)
- a sense of legitimacy; that is, feeling accepted, and not rejected or subject to discrimination.



Source 8 Key indicators of social cohesion in Australia, as used by the Scanlon Foundation

In recent years, research undertaken by the Scanlon Foundation has indicated that while Australia is a relatively tolerant society, our sense of social cohesion may have slightly diminished. For example, the Foundation's 2020 national survey (conducted during the first year of the global COVID-19 pandemic) revealed that 18 per cent of respondents felt they had experienced discrimination (in the previous 12 months) on the basis of their race, ethnic origin or religion compared to only 9 per cent in 2012. By contrast, there was an increase in the level of trust respondents had in the government, with 54 per cent of survey participants indicating they trusted the federal government to 'do the right thing' always or most of the time in 2020, compared to 48 per cent in 2009.

Views on immigration had also changed, with 38 per cent of respondents believing that immigration levels were 'too high', down from 44 per cent in 2018 and 41 per cent in 2019. There was, however, a slight increase in negative sentiment about multiculturalism, with approximately 60 per cent of respondents believing that 'too many immigrants are not adopting Australian values', compared to 57 per cent of respondents agreeing in 2019 when the question was first included in the survey.



Source 9 The Scanlon Foundation's five key indicators for social cohesion in Australia include having a sense of legitimacy; that is, feeling accepted, and not rejected or subject to discrimination.

Source 10 Results from the Scanlon Foundation's social cohesion survey to the question 'What do you think is the most important problem facing Australia?', posed in July 2020

Rank	Issue	%
1	Coronavirus and its impact on the economy	63
2	Economic issues (including unemployment and poverty)	15
3	Concern about the environment and climate change	5
4	Quality of government and politicians	2
5	Immigration and population issues (from a negative perspective)	2
6	Social issues (such as family and family breakdown, child care, drug use and lack of personal direction)	2
7	Health, medical and hospitals	1
8	Defence, national security and terrorism	1
9	Racism	1
10	Housing shortages, affordability and interest rates	1

Source: Scanlon Foundation, *Mapping Social Cohesion 2020: National Report*, 2021, p. 24



Source 11 Australia is a multicultural nation where people from many different cultures live together in a cohesive and unified way.

KEY SKILL
Asking questions & conducting research

Creating an online survey

Surveys are an effective way to gather information and data so that it may be more easily understood and evaluated. Many online tools and programs allow for the easy generation and analysis of surveys, including Google Docs, Excel, SurveyMonkey and Survey Builder.

When designing an online survey, follow these steps:

Step 1 Determine the purpose or aim of your survey. What information do you want to collect and why?

Step 2 Design appropriate questions. Think about the sort of information you might need to collect to help you investigate the topic, and what type of questions you will need to ask to acquire this information.

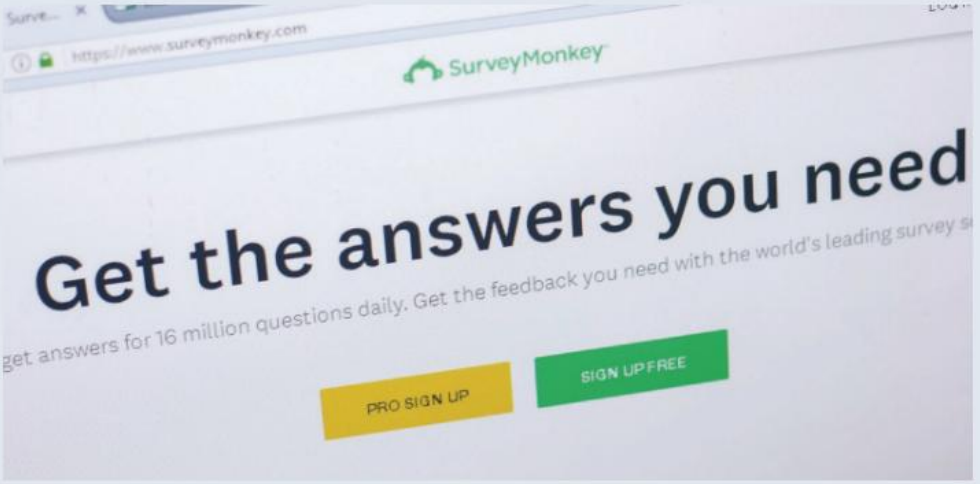
Step 3 Consider how long you would like your survey to be. Often people will be reluctant to participate if the survey is too long, confusing or takes too much time to complete.

Step 4 Choose which online survey tool you will use. Then go to its website and follow the steps it outlines to get started. For example, with SurveyMonkey you will need to enter your details and set up a free account.

Step 5 Select what kinds of questions you will ask. To do this, you should consider the range of responses you might expect to receive and provide appropriate options. For example, you may elect to use:

- 'yes/no' questions
- multiple choice questions
- 'true/false' statements
- rating scales, such as: 'On a scale of 1 to 5 (with 1 being most likely and 5 being least likely), answer the following questions …'
- comment boxes for more personalised responses.

SurveyMonkey has more than 15 types of questions you can use, including multiple choice and true/false options.



Source 12 SurveyMonkey is a useful online tool for building and analysing surveys.

Step 6 Consider what personal details and information you would like your respondents to provide or whether you would prefer to allow them to remain anonymous. Which of these will encourage high participation and honest responses?

Step 7 Consider how many completed surveys you will need to form an accurate assessment. You will need to have a big enough sample size and a mixture of ages, genders and cultural backgrounds in order to give you results that represent the general population.

Step 8 Set up a mailing list to email out your surveys. Your chosen online survey platform will help you do this.

Step 9 Prepare a chart or graph to help analyse your responses. Many online survey programs will compile this information for you.

For more information on this key skill, refer to page 135 of 'The civics and citizenship toolkit'.



Source 13 Aboriginal dancers strike a pose during the Homeground festival, a major annual celebration of Aboriginal culture.

Practise the skill

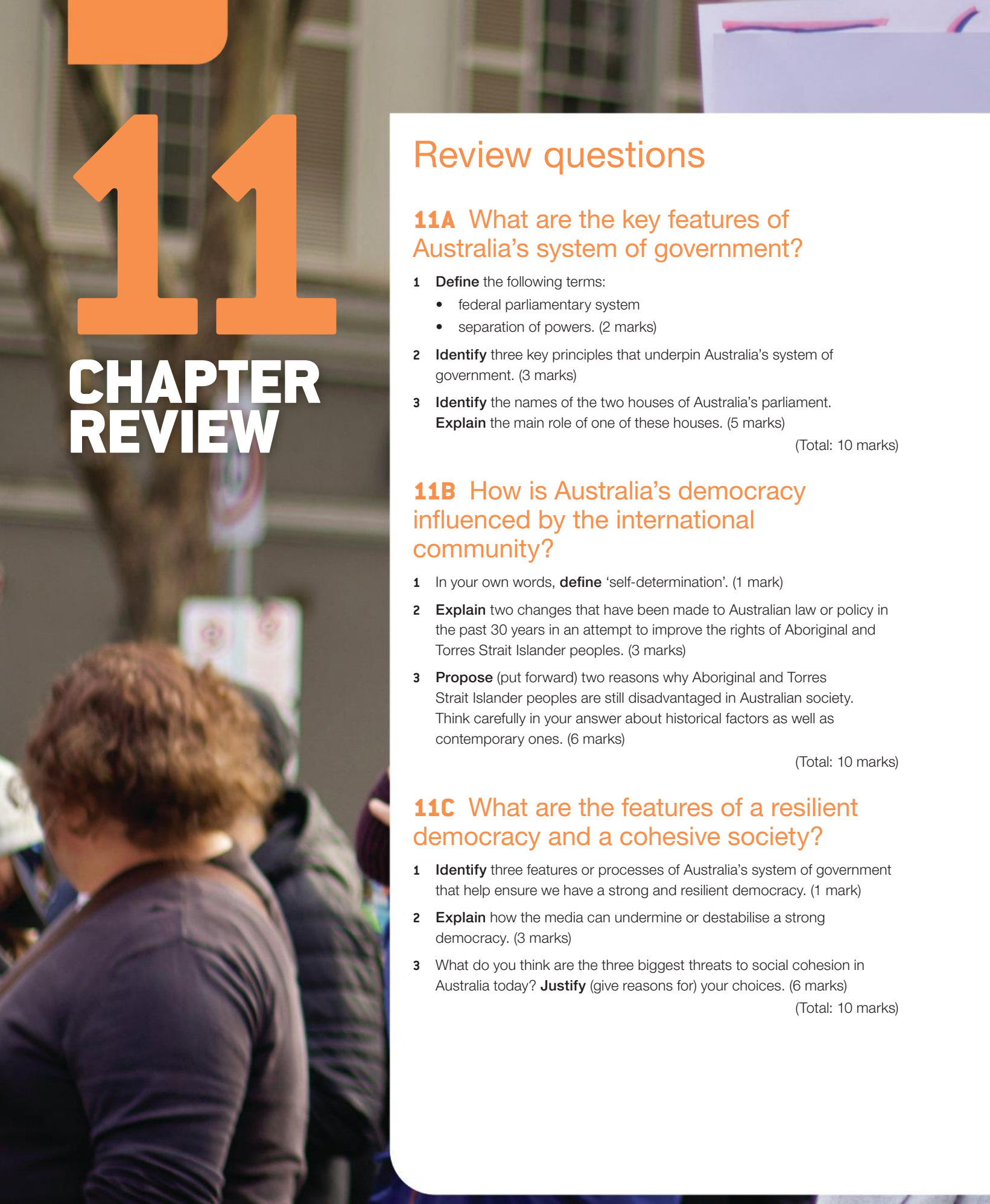
1. Follow the steps above to conduct your own online survey that will help you to determine which concerns or issues currently threaten social cohesion in your community.
2. Send the survey out to the people on the mailing list you have created.
3. **Create** a summary of your findings, including a list of the top 5 problems or issues that concerned your respondents. Suggest possible reasons for these concerns.
4. **Explain** any strengths and/or limitations associated with your survey.

Extend your understanding

1. Using the internet, conduct some additional research on social cohesion.
   - a In your own words, **define** 'social cohesion'.
   - b **Identify** the three most significant factors that you believe have the potential to threaten Australia's sense of social cohesion.
   - c **Discuss** your views with the class.



Source 14 Footscray, in Melbourne's west, is home to a diverse range of Asian cultures. Pictured is the Heavenly Queen Temple to the Chinese sea goddess Mazu. It is Australia's largest Taoist temple.



11 CHAPTER REVIEW

Review questions

11A What are the key features of Australia's system of government?

1 **Define** the following terms:
- federal parliamentary system
- separation of powers. (2 marks)

2 **Identify** three key principles that underpin Australia's system of government. (3 marks)

3 **Identify** the names of the two houses of Australia's parliament. **Explain** the main role of one of these houses. (5 marks)

(Total: 10 marks)

11B How is Australia's democracy influenced by the international community?

1 In your own words, **define** 'self-determination'. (1 mark)

2 **Explain** two changes that have been made to Australian law or policy in the past 30 years in an attempt to improve the rights of Aboriginal and Torres Strait Islander peoples. (3 marks)

3 **Propose** (put forward) two reasons why Aboriginal and Torres Strait Islander peoples are still disadvantaged in Australian society. Think carefully in your answer about historical factors as well as contemporary ones. (6 marks)

(Total: 10 marks)

11C What are the features of a resilient democracy and a cohesive society?

1 **Identify** three features or processes of Australia's system of government that help ensure we have a strong and resilient democracy. (1 mark)

2 **Explain** how the media can undermine or destabilise a strong democracy. (3 marks)

3 What do you think are the three biggest threats to social cohesion in Australia today? **Justify** (give reasons for) your choices. (6 marks)

(Total: 10 marks)

Review activity

Read the case study and answer the following questions.

COVID-19 and democracy

As the global COVID-19 pandemic began to spread in 2020, Australia's federal, state and territory governments began implementing a range of emergency measures in an attempt to control the spread of the virus. The state and territory governments began to close their borders and implement lockdown restrictions, which included the closure of many workplaces, shops, cafes and restaurants, and schools.

In July 2020, Melbourne residents entered a strict 15-week lockdown to control a second-wave outbreak of the virus, which saw over 700 Victorians lose their lives and thousands lose their jobs. By August 2020, Melburnians were facing 'stage 4 lockdown restrictions', which included residents only being allowed to leave their homes for one of four essential reasons: shopping for food and other essential items, exercising (for one hour per day), receiving or giving medical care, and doing permitted work. Residents had to stay within 5 kilometres of their homes.

While the Victorian Government and many citizens believed the lockdown restrictions were essential to control the spread of COVID-19, others believed the government had exceeded its administrative power and infringed upon basic human rights, including the right to freedom of movement.

Some people voiced their frustrations in the media. Others, at the risk of being fined, defied restrictions. A relatively small number of individuals also participated in 'anti-lockdown' demonstrations, some of which resulted in participants being fined for not wearing masks and breaching restrictions related to public gatherings, and being arrested for more serious charges, including assaulting police.

One business owner, who lost customers and income due to the implementation of the 5-kilometre travel rule, even took legal action in the High Court in an attempt to have the government's lockdown policy declared invalid for being in breach of the Australian Constitution (and the right to freedom of movement). While the legal action failed, it demonstrated the ability of the courts to act as an independent check against any potential abuse of power by the government.

1 a **Outline** why the Victorian Government implemented 'stage 4 lockdown restrictions' in Melbourne in August 2020. (2 marks)

b **Outline** why some Melburnians did not support these restrictions. (2 marks)

2 **Describe** two democratic values that are illustrated by this case study. (2 marks)

3 a With reference to this case study, **explain** one way in which the judiciary (that is, the courts) can act as a check on the law-making powers of parliament. (3 marks)

b **Explain** how this case study illustrates the principle of the separation of powers. (3 marks)

4 **Discuss** whether you think demonstrations (or protests) are features of a strong and resilient democracy or a threat to democracy. (8 marks)

(Total: 20 marks)



Source 15 Anti-lockdown protesters in Melbourne demonstrate against the restrictions imposed by the Victorian Government in an attempt to control the spread of COVID-19 in 2020.

Check your Student obook pro for these digital resources and more:

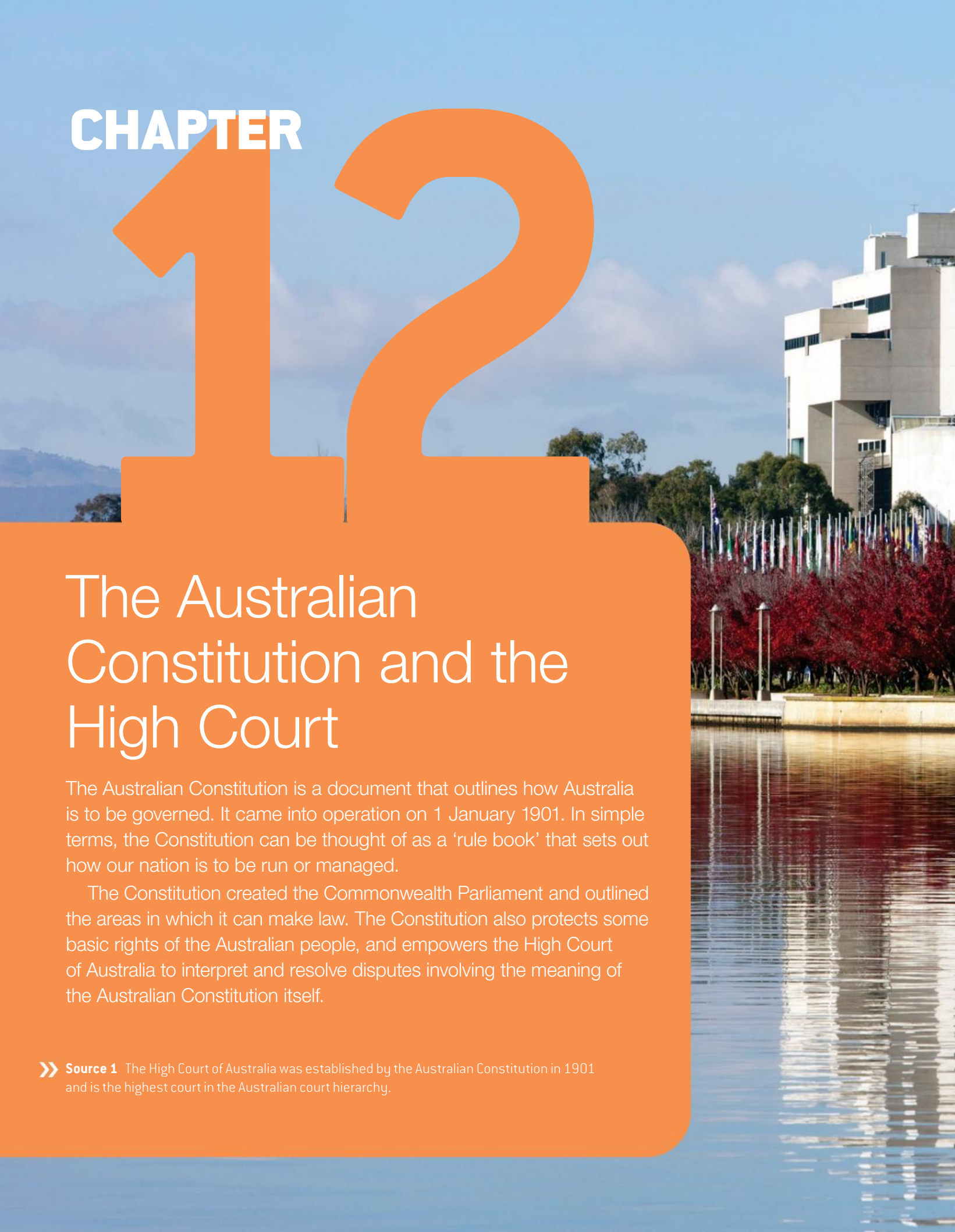
- **Student book questions** Chapter 11
- **Key skill worksheet** Communicating & reflecting: Chapter 11
- **Quizlet** Play a game of Quizlet on Australia's democracy and the global context.
- **Chapter review quiz** Chapter 11

CHAPTER 12

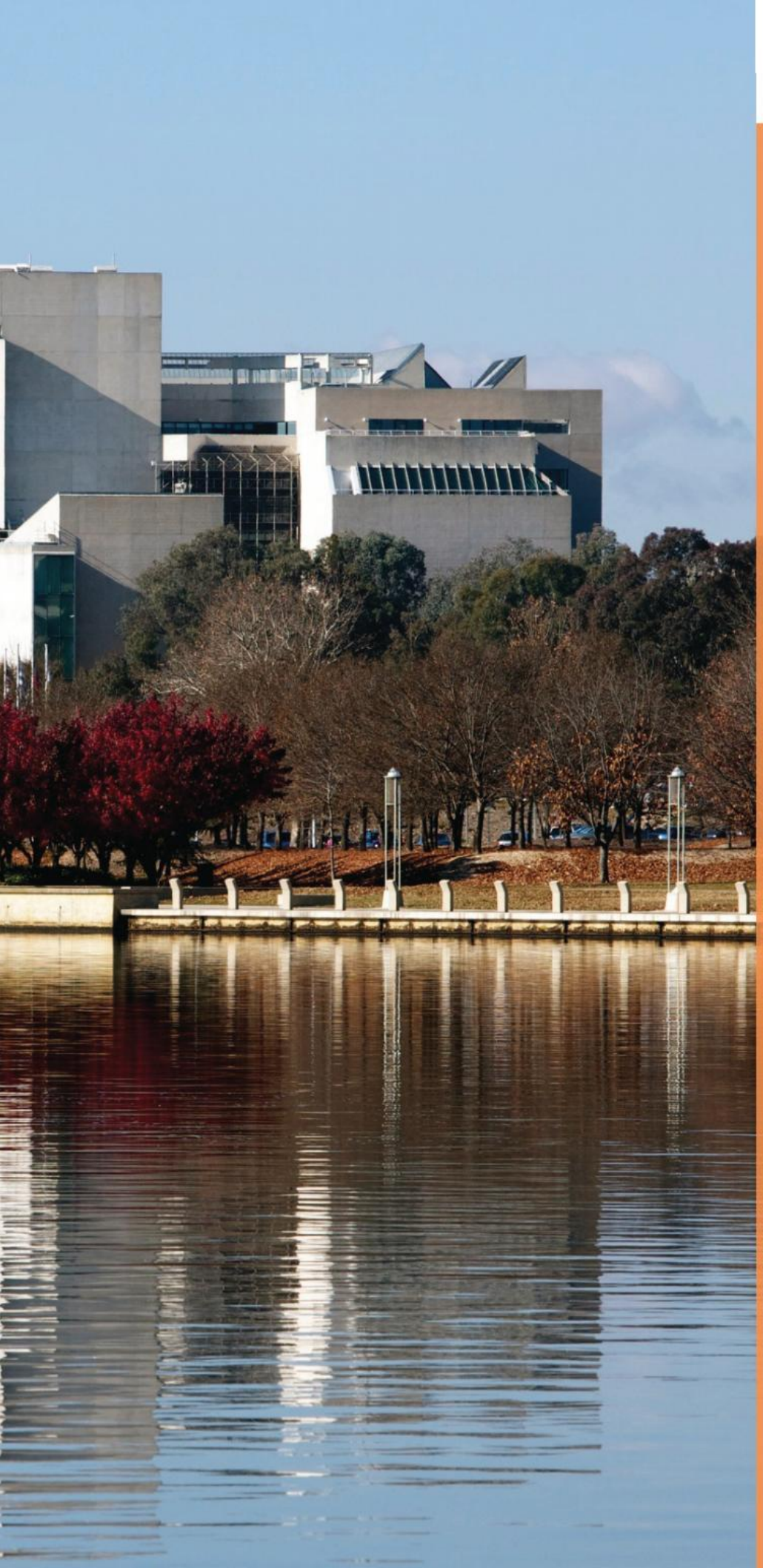
The Australian Constitution and the High Court

The Australian Constitution is a document that outlines how Australia is to be governed. It came into operation on 1 January 1901. In simple terms, the Constitution can be thought of as a 'rule book' that sets out how our nation is to be run or managed.

The Constitution created the Commonwealth Parliament and outlined the areas in which it can make law. The Constitution also protects some basic rights of the Australian people, and empowers the High Court of Australia to interpret and resolve disputes involving the meaning of the Australian Constitution itself.



» **Source 1** The High Court of Australia was established by the Australian Constitution in 1901 and is the highest court in the Australian court hierarchy.



12A

How does the Australian Constitution work?

12B

What role does the High Court of Australia play in interpreting the Constitution?

12.1 The Australian Constitution – an introduction

In this topic, you will:

» describe the purpose of the Australian Constitution.

A **constitution** is a document that outlines the rules and principles that guide the way an organisation, state or nation is governed. Many organisations – including schools, local sporting clubs, community groups and volunteer organisations (such as Rotary, the Salvation Army and World Vision) – have a constitution that outlines the aims of the organisation and the rules regarding how it is to be governed and how it operates.

Australia also has a national or Commonwealth Constitution that outlines how our nation is to be governed. The **Australian Constitution**, which came into operation on 1 January 1901, is the document that created and outlined the law-making powers of the Commonwealth Parliament and created the High Court of Australia.

constitution
a document that outlines the rules and principles that guide the way an organisation, state or nation is governed or managed

Australian Constitution
a set of rules and principles that guide the way Australia is governed

Reasons for establishing Australia's Constitution

Prior to the Australian Constitution being established, Australia consisted of six separate British colonies – Victoria, New South Wales, Queensland, Tasmania, South Australia and Western Australia. Each of these had the power to make laws for its own residents, while also being under the authority of the British Parliament.

While this system of government worked when our country was relatively small, as the population grew, problems started to arise from the lack of consistent laws between the colonies. By the late 1800s support grew for the idea of Australia becoming a **federation**, where the colonies would become the states of Australia, and be united by one central (or federal) parliament. Under this system, the new federal parliament would be given the power to make certain laws in areas of national interest that applied to all Australians.

Reasons for federation included:

- *to increase economic growth*. Many supporters of federation believed the economy could grow more rapidly if the colonies had consistent trade, banking and commercial laws, and common **infrastructure**. By the end of the nineteenth century, the separate colonies had imposed various taxes (or **tariffs**) on one another that limited inter-colony trade; and the existence of three separate railway systems, each with different-gauge railway tracks, made trade and travel difficult.
- *to improve national defence*. By the late 1800s, there were fears that the separate colonies, each of which had its own individual **militia**, would not be able to defend themselves from potential European invasion, and that the colonies would benefit from having one uniform defence force that was capable of protecting all of them.
- *to enhance the national identity*. At the end of the nineteenth century, with more than three-quarters of the population being born in Australia, many citizens felt an increased sense of national pride, recognising the Australian – rather than British – culture and way of life. The desire to minimise the arrival of non-British immigrants and the lack of a common immigration policy also increased support for federation.

federation
a union or joining of independent states (or colonies) to create one central law-making authority

infrastructure
the facilities and services necessary for any community, city or country to function (e.g. buildings, electricity, roads, airports and water supply)

tariff
a tax (usually applied to goods being imported or exported)

militia
a fighting force that is made up of non-professional (civilian) fighters



Quiz me!
A quick quiz on the Australian Constitution

In 1891 the first of a series of meetings, known as **constitutional conventions**, were held, where representatives from each colony considered a draft constitution that would essentially create and outline the law-making powers of the new central Commonwealth Parliament. After the draft constitution was approved by the representatives of the colonies, the voters in each colony and the British Parliament, it came into operation. On Federation Day, 1 January 1901, Australia became a nation.



Source 1 Delegates from each of the colonies meeting in 1890 at a constitutional convention to discuss federation

The purpose of the Australian Constitution

The Australian Constitution established Australia as an independent nation and set out the rules by which it would be governed. More precisely, the Constitution:

- established a federal system of government in Australia – where the new nation consisted of six states, each with the power to make laws for the residents of that state, and one central or federal parliament, with the power to make laws that apply to the entire country
- created and outlined the law-making powers of the Commonwealth Parliament
- outlined the structure of the Commonwealth Parliament, stating that it must consist of two houses and the Crown
- created the High Court of Australia to resolve disputes over the meaning of the Constitution
- outlined and protected some basic rights of the Australian people by placing restrictions on the law-making powers of the Commonwealth and state parliaments; for example, the Constitution prevents the Commonwealth Parliament from making law that imposes or restricts religious practices
- ensured that the Australian parliamentary system was based upon various parliamentary principles, such as the principles of representative and responsible government, and separation of powers (examined in Chapter 22).

constitutional convention
a meeting of representatives from the colonies to consider the benefits of, and terms and conditions associated with, creating one central law-making authority

See, think, wonder

Look at Source 1.
- What do you see?
- What do you think?
- What do you wonder?

12.1 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** 'constitution'.
2 **Outline** three reasons why the Australian colonies agreed to become a united federal nation on 1 January 1901.
3 **Describe** three main purposes of the Australian Constitution.

Apply and analyse

4 **Explain** why the Australian Commonwealth Parliament is often referred to as federal parliament.

Evaluate and create

5 **Create** a cartoon or image that demonstrates the main reasons why the colonies supported federation.
6 The people listed below had significant involvement in the creation of Australia's Constitution. Using the internet, **research** how they influenced the Constitution and any other important roles they held. Present your findings in a multimedia format, such as PowerPoint, Prezi or Publisher Brochure.
   - Sir Henry Parkes
   - Sir Edmund Barton
   - Andrew Inglis Clark
   - Sir Samuel Griffith
   - Sir Richard Baker
   - Sir Robert Randolph Garran
   - Sir John Quick

12.2 How the Australian Constitution works

In this topic, you will:

- describe the law-making powers given by the Australian Constitution
- explain how the Constitution can be changed through the referendum process.

The Australian Constitution took many years to draft and was carefully framed to provide a stable and long-lasting system of government for Australia. Its function was also to create and define the law-making powers of the newly established Commonwealth Parliament.

The law-making powers

The Commonwealth Parliament can only make laws in the areas specifically stated in the Constitution as belonging to the Commonwealth Parliament. These are referred to as specific areas of law-making power, or **specific powers**. Most of these are listed in Section 51 of the Constitution. They include the power to make laws on:

- marriage and divorce
- currency (bank notes and coins)
- taxation (for example, the goods and services tax)
- social welfare benefits (for example, the aged pension and unemployment benefits)
- trade and commerce (with other countries and between the states)
- defence (naval and military forces)
- customs and excise (taxes on the production or export of goods).

specific powers areas in which the Commonwealth Parliament has the power to make law, e.g. defence, currency, and marriage and divorce

Any areas of law-making power that are *not* stated in the Constitution as specifically belonging to the Commonwealth Parliament belong solely to the state parliaments. These are referred to as **residual powers**. For example, the Constitution does not mention or give the Commonwealth the power to make laws in many areas including:

- adoption, surrogacy or IVF technology (which did not exist in 1901)
- childcare and education
- public transport
- water and electricity supply.

Therefore, the state parliaments have the sole power to make laws in these areas.

residual powers areas in which the only the state parliaments can make law, e.g. law and order, education, health and public transport



Source 2 Some areas in which the Commonwealth Parliament can make laws are those related to defence, currency and marriage.

Types of specific powers

The specific powers of the Commonwealth Parliament that are outlined in the Constitution can be divided into two types: exclusive and concurrent powers.

Exclusive powers are those specific areas of law-making power in which only the Commonwealth Parliament can make law. For example, only the Commonwealth is able to make laws in the areas of currency, defence, and customs and excise.

Concurrent powers are those specific areas of law-making power that are shared by both the Commonwealth and state parliaments. For example, both the Commonwealth and state parliaments can make laws on taxation, marriage, and census and statistics. If the state and Commonwealth Parliaments pass laws in concurrent areas of power that conflict, the Commonwealth's law prevails over – or overrides – the state law.

Source 3 Types of specific law-making powers

Different types of law-making powers

Specific powers:
Areas of power listed in the Constitution that either rest with the Commonwealth Parliament (exclusive powers) or are shared between the Commonwealth and state parliaments (concurrent powers).
For example:
- currency (exclusive power)
- defence (exclusive power)
- taxation (concurrent power).

Residual powers:
Areas of power not listed in the Constitution that therefore solely rest with the state parliaments.
For example:
- childcare
- public transport
- water and electricity supply.

Changing the Constitution

One of the key features of our Constitution is that it cannot be easily altered, and it cannot be changed by the government of the day without the approval of the Australian people. This aims to reduce the risk of a federal government misusing its power and changing the Constitution to promote its own interests.

The only way the wording of the Australian Constitution can be altered is by **referendum**. The referendum process is outlined in the Constitution itself (in Section 128). A proposed change to the wording of the Constitution must be drafted and generally approved by a majority of members in both houses of Commonwealth Parliament. Between two and six months later, the proposed change must be put to the Australian people and approved by a 'double majority' of eligible Australian voters. This means it must be approved by both:

- a majority of voters throughout the whole of Australia, and
- a majority of voters in at least four out of the six states.

Once approved by a double majority, the proposed change must be given royal assent; that is, final approval by the Governor-General on behalf of the Crown, or Queen.

referendum
the method for changing the wording of the Australian Constitution; it requires a proposal for change to be approved by the Australian people in a compulsory public vote

Strengths of the referendum process

Strengths of the referendum process include the following:

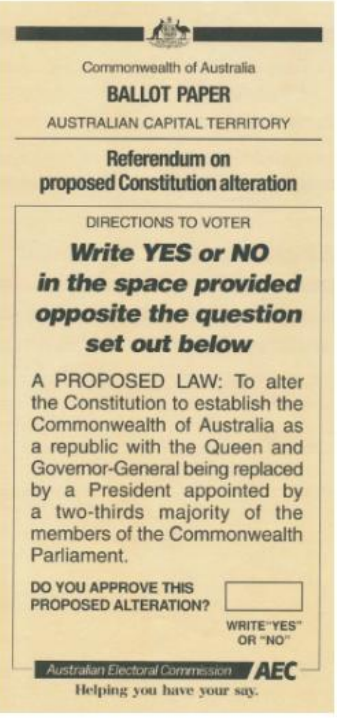
- It requires the support of the Australian public, which prevents a federal government from changing the Constitution to benefit its own agenda.
- A compulsory public vote means the Constitution is only changed if it has great support from the entire community, rather than just a small number of people who choose to vote.
- The requirement that a referendum must be passed by a double majority of voters ensures that any change to the Constitution has a large amount of public support, including support from most of the states.

Problems with the referendum process

Since Federation, 44 proposals to change the Constitution have been put to the Australian voters at referendums, but only eight have been successful. Reasons referendums tend to fail include the following:

- Voters may vote against a proposal to change the Constitution if they do not understand the proposal or are not interested in it.
- Proposals for change are unlikely to succeed if both major political parties do not support the change, because many people vote in accordance with the views of their chosen political party.
- The double majority provision is very difficult to achieve, particularly the requirement for the residents of at least four states to support the change.
- For convenience and to reduce costs, referendums are often held at the same time as a federal election, and people are more concerned with voting for the government rather than the proposal for constitutional change.

Key skill worksheet
Evaluating & decision making: Design a referendum campaign



Commonwealth of Australia

BALLOT PAPER

AUSTRALIAN CAPITAL TERRITORY

Referendum on proposed Constitution alteration

DIRECTIONS TO VOTER

Write YES or NO in the space provided opposite the question set out below

A PROPOSED LAW: To alter the Constitution to establish the Commonwealth of Australia as a republic with the Queen and Governor-General being replaced by a President appointed by a two-thirds majority of the members of the Commonwealth Parliament.

DO YOU APPROVE THIS PROPOSED ALTERATION?

WRITE "YES" OR "NO"

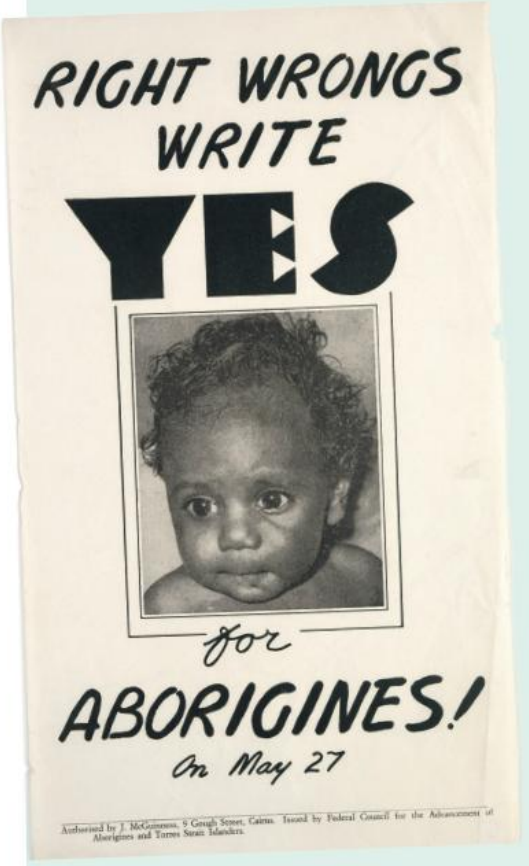
Australian Electoral Commission AEC

Helping you have your say.

Source 4 The ballot paper from the Australian Capital Territory for the 1999 republic referendum

CASE STUDY

The 1967 referendum



Source 5 A poster urging Australians to vote 'yes' at the 1967 referendum

Australia's most successful referendum took place in 1967, when over 90 per cent of voters agreed that the Constitution should be changed to give the Commonwealth Parliament the power to make laws for all Australians – including 'Aboriginal people', who had previously been exempted from the Constitution. This change was extremely important because it reduced the possibility of discrimination against Aboriginal and Torres Strait Islander peoples. The referendum also allowed the Constitution to be changed so that Aboriginal and Torres Strait Islander people could be counted when determining the size of the population.

The success of the referendum also had symbolic significance, as it demonstrated the willingness of many non-Indigenous Australians to accept and recognise the rights of Aboriginal and Torres Strait Islander peoples.

Today, the date of the historic 1967 referendum (27 May) marks the start of National Reconciliation Week – when the Australian community recognises and celebrates Aboriginal and Torres Strait Islander peoples, including acknowledging and promoting the understanding of past injustices suffered by them.

12.2 CHECK YOUR LEARNING

Review and understand

1 **Identify** three areas in which the Commonwealth Parliament can make laws that are listed in Section 51 of the Constitution.
2 In your own words, **define** 'exclusive powers'.
3 **Explain** two strengths and two weaknesses of changing the Constitution via a referendum.
4 Prepare a flow chart that **outlines** the process for changing the Constitution via a referendum.

Apply and analyse

5 a **Distinguish between** specific and residual powers. Remember, when you distinguish between two things you must talk about how they are different.
  b **List** three examples of each type of power.
6 **Propose** (put forward) one reason why some specific areas of law-making power might have been designated as being exclusive powers of the Commonwealth Parliament. Provide two examples to support your response.
7 Below is a selection of proposals for changing the Constitution that have been put to Australian voters. Consider each, and decide whether you would accept or reject each proposal. **Justify** (give reasons for) your choice.
  a the 1999 proposal to make Australia a republic, by altering the Constitution to replace the Queen's representative as a part of the Commonwealth Parliament with a president
  b the 1988 proposal to change the maximum terms for members of the Commonwealth Parliament (from three years for the House of Representative and six years for the Senate) to four years
  c the 1977 proposal to change the retirement age of judges for all federal courts, including the High Court, to 70 years.

Evaluate and create

8 Use the Australian Electoral Commission website (a link is provided on your obook pro) to **research** and provide answers to the following questions:
  a Who is required to vote in a compulsory referendum?
  b What were the proposals and result of the last referendum held in Australia (in 1999)?
  c What was the cost of the referendum held in Australia in 1999?
  d What was the date, proposal and year of the first referendum held after Federation?
  e Which three referendums have been passed by the largest majority of Australian voters?
  f Which three referendums have failed by the greatest percentage of Australian voters?
  g Using examples that have not been answers to the previous questions, name one successful referendum and one unsuccessful referendum.

I used to think, now I think

Reflect on your learning about the Australian Constitution, and complete the following sentences:
- I used think …
- Now I think …

What has changed in your understanding?

Weblink
Australian Electoral Commission



Source 6 The Australian flag on top of Parliament House, Canberra, where the Commonwealth Parliament sits

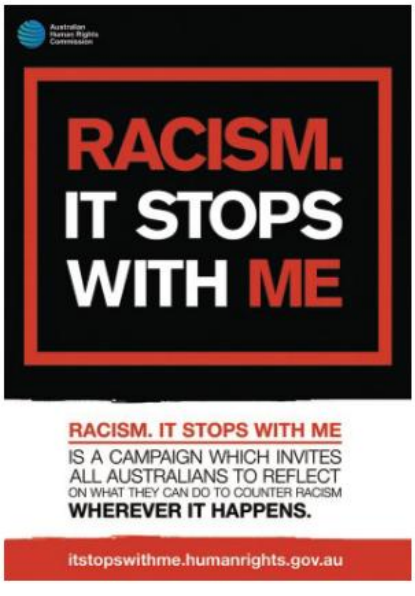
12A RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Constitutional recognition of Aboriginal and Torres Strait Islander peoples

The Australian Constitution does not mention Aboriginal and Torres Strait Islander peoples. It does not recognise or acknowledge Aboriginal and Torres Strait Islander peoples as being the traditional owners of the land and waters of Australia, or provide them with any particular rights. In fact, Section 51(xxvi) of the Constitution – referred to as the 'race power' – gives the Commonwealth Parliament the power to make 'special laws' that may advantage or disadvantage 'people of any race', including Aboriginal and Torres Strait Islander peoples and other racial groups.

Many Australians, both Indigenous and non-Indigenous, believe our Constitution should be altered to include recognition of the Aboriginal and Torres Strait Islander peoples as being the traditional owners of the land and waters. It is hoped that making such a change would formally recognise and acknowledge Aboriginal and Torres Strait Islander cultures, and the significant way they have enriched our national identity. It is also hoped it would promote an awareness and respect for Aboriginal and Torres Strait Islander peoples' cultures, languages, heritage and rights.



Source 7 In 2020, Reconciliation Australia partnered with the Australian Human Rights Commission to promote the 'Racism. It stops with me' campaign to generate awareness and educate people and organisations about racism and the need for all people to 'say no to prejudice'.



Source 8 Aboriginal dancers at the Laura Aboriginal Dance Festival, Queensland, June 2009

KEY SKILL
Asking questions & conducting research

Gathering and assessing the reliability of information

Being able to gather and sort information from different sources is an important skill. Not all sources are reliable. For example, while the internet is a valuable source of information, the information found there may be factually incorrect. It may also have been prepared in a biased manner by an individual or group that wishes to promote one view or perspective.

When you are conducting research and gathering your information, it is vital that you carefully check its reliability and authenticity. The following steps can help:

Step 1 Gather your information from a range of sources; for example, a variety of different websites, newspapers, magazines, local papers and documents.

Step 2 Decide whether the information is factual or opinion-based.

Step 3 Identify whether the information has been prepared by a recognised authority – such as a government, university or expert panel – that has specialist knowledge in the area being examined. Websites that have an '.edu' suffix are usually for universities or schools, so the information found there should be reliable.

Step 4 Find out if the individual or organisation that prepared the information is independent and impartial. Alternatively, find out if they have a special interest in, or stand to benefit from, presenting a one-sided view.

Step 5 Check if the information you have gathered can be supported or verified by another source.

If you are not sure that your information has been created by a dependable source, try to gather additional information from an alternative source to verify its authenticity. As a final tip, check the date on which your information was prepared to make sure that it is current and relevant.

For more information on this key skill, refer to page 135 of 'The civics and citizenship toolkit'.

Practise the skill

1 Use the internet to **research** and find relevant and reliable information about the campaign to change the Australian Constitution to include recognition of the Aboriginal and Torres Strait Islander peoples. Follow the steps above to help you assess the reliability of the information you gather.

2 Use your information to prepare a written report on the campaign to acknowledge Aboriginal and Torres Strait Islander peoples in the Australian Constitution. Include:
- an introduction that explains the general proposal
- an explanation of the role of two groups or organisations that support constitutional recognition, such as Reconciliation Australian, Creative Spirits or ANTaR (Australians for Native Title and Reconciliation)
- a short discussion about whether or not these organisations have an independent and impartial view
- an explanation of arguments against or difficulties associated with changing the Constitution
- a short conclusion explaining your view
- a list of all the sources (including URLs) from which you obtained your evidence, and a brief comment on the reliability of the information gathered from each source.

Extend your understanding

1 There are a number of changes that can be made to the Constitution to recognise Aboriginal and Torres Strait Islander Australians. One of these is to include an acknowledgment of Aboriginal and Torres Strait Islander peoples as the traditional owners of the land and waters in the preamble. A preamble is a short introduction, commonly provided at the beginning of an Act of Parliament (or a Constitution), which explains its broad aims and objectives.

Using the internet, find a copy of the current preamble to the Australian Constitution. After reading it, **create** a new preamble (maximum of 500 words) for the Constitution. Consider:
- what parts of the existing preamble you would like to keep or discard
- the key values and principles that you might like to acknowledge in your preamble, including whether or not you would like to specifically recognise the Aboriginal and Torres Strait Islander peoples.

12.3 The Constitution and the High Court

In this topic, you will:

» describe the role of the High Court of Australia in interpreting the Australian Constitution.

court hierarchy
a ranking of courts in order from lowest to highest according to the seriousness and complexity of the cases it can hear and determine

The High Court of Australia, located in Canberra, is the highest in Australia's **court hierarchy**. It is the only court that has the power to interpret the meaning of the Australian Constitution. There are a number of ways the High Court interacts with the Constitution.

Interpreting the Constitution

The Australian Constitution (in Section 71) established the High Court to hear and resolve disputes over the meaning of the Constitution. The High Court is the only court in Australia with the power to interpret the meaning of the words and phrases in the Constitution.



Source 1 A 'full bench' of seven judges (known as justices) sit in the High Court to hear disputes involving the interpretation of the Australian Constitution.

Keeping the Constitution relevant

While those who drafted the Australian Constitution took great time and care to make sure that it was clearly worded, it was necessary to describe some of the Commonwealth's law-making powers in rather broad or general terms, so that the Commonwealth Parliament would have the power to make laws in areas that were not actually in existence at the time. Over the years, the use of these broad terms has caused disputes, which the High Court has been called upon to resolve.

For example, the Constitution gives the Commonwealth Parliament the broad power to make laws with respect to 'postal, telegraphic, telephonic, and other like services'. But what are 'other like services'? What services that exist in the 2020s could be regarded as similar to the postal, telegraphic and telephonic services that existed in the 1900s when the Constitution was written? Would these services now include making laws about radio and television broadcasting, the internet, and wireless and satellite services?

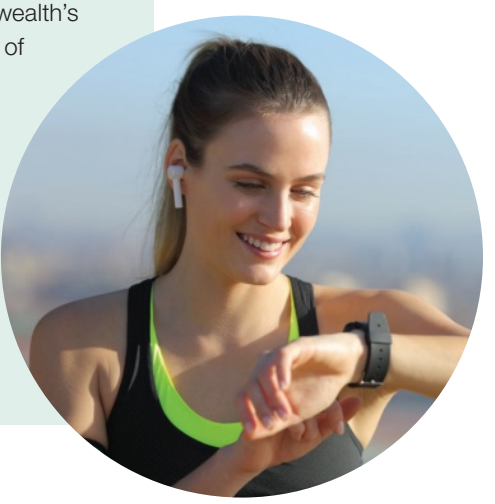
As illustrated in many cases, the High Court can help keep the Constitution relevant and up-to-date by interpreting the meaning of its words and phrases. For example, the High Court can allow, when appropriate, for new technologies to be included in the Commonwealth's law-making powers.

Interpreting the Constitution and keeping it relevant

CASE STUDY

In the cases of *R v Brislan (1935)* and *Jones v Commonwealth (1965)* the High Court was called upon to interpret the wording of the Australian Constitution. Seven justices of the High Court were required to interpret whether the Commonwealth Parliament's specific power to make laws with regard to 'postal, telegraphic, telephonic, and other like services' (as stated in Section 51(v) of the Constitution) included the power to make laws on radio and television broadcasting, respectively.

In each case, the High Court broadly interpreted the phrase 'other like services' to include radio and television broadcasting; and in doing so, while not changing the actual wording of the Constitution, the High Court effectively expanded the Commonwealth's power to make laws in these areas of communication – which had not even been created when the Constitution was written.



Source 2 New technologies create many areas of law-making not foreseen by those who wrote the Australian Constitution in 1901.

Acting as 'umpire'

When interpreting the meaning of the Australian Constitution, the High Court can act as an independent and impartial 'umpire' to check that the Commonwealth Parliament does not make laws that exceed its constitutional law-making power.

The High Court as 'umpire': Can the Constitution restrict packaging?

CASE STUDY

Section 51(xxxi) of the Australian Constitution gives the Commonwealth Parliament the power to make laws to acquire (gain or possess) property provided this is done 'on just terms', meaning fairly. In other words, it gives the Commonwealth the power to gain property (including physical land and buildings, and intellectual property such as copyrights, trademarks and logos) provided the terms on which it does so are fair.

In 2011, the Commonwealth Parliament passed the Tobacco Plain Packaging Act. This law banned tobacco companies from using logos, brand images and promotional text on their tobacco products. It meant that all tobacco products sold in Australia needed to be presented in a plain package and contain specific health warnings.

The plain-packaging law was passed in an attempt to discourage smoking and reduce its harmful effects. However, a number of major tobacco companies – including British American Tobacco and Philip Morris – claimed that the Act breached the Australian Constitution by unfairly allowing the federal government to acquire or seize their intellectual property; that is, their trademarks, branding and logos. The companies challenged the validity of the new law in the High Court.

In 2012, the High Court declared the Commonwealth Parliament's law constitutionally valid. In simple terms, the High Court ruled that the federal government was not acquiring the use of the tobacco companies' intellectual property, but was simply restricting the way in which the tobacco companies could use their logos and trademarks.



Source 3 The High Court has declared the Commonwealth's 'tobacco plain packaging' laws to be constitutionally valid.

Protecting the rights of the Australian people

implied rights
rights that are not expressly stated in the Australian Constitution but are considered to exist through interpretation by the High Court

When resolving disputes between individuals and the state and Commonwealth parliaments over the meaning of the Australian Constitution, the High Court is able to interpret the Constitution and imply that various rights of the Australian people exist – even though they are not expressly stated. Such rights are known as **implied rights**. For example, although the Constitution does not explicitly state that Australians have the right to freely discuss and debate political issues – referred to as **freedom of political communication** – in various cases throughout the years, the High Court has decided that this right is suggested or implied in the Constitution.

CASE STUDY

freedom of political communication
the right of Australians to exchange information or discuss political issues without fear of being charged and punished by the government

Can the High Court protect freedom of speech?

In the case of *Australian Capital Television Pty Ltd v Commonwealth* (1992), the High Court was required to resolve a dispute relating to freedom of speech. In simple terms, the court had to determine whether a Commonwealth law that banned political parties from making political broadcasts and placing advertising on radio and television during election campaigns breached the right of the Australian people to have 'freedom of speech' and the Australian Constitution.

The justices of the High Court decided that although the Australian Constitution does not specifically mention or protect the broad right to 'freedom of speech' in Australia, it does indirectly imply that Australians have the more narrow right to 'freedom of political communication'; that is, a right to freely discuss and debate political issues.

In making its decision, the High Court ruled that given the Constitution requires members of the Commonwealth Parliament to be 'chosen by the people', the people have a right to be informed about and discuss political issues. This means that political parties should be able to advertise and discuss their views and policies in a public forum (for example, on television or radio) prior to an election so that the people can make an informed decision when they are voting to elect the government.

In other words, the Constitution implies that people have a right to freedom of political communication.



Source 4 Political parties and their candidates are allowed to advertise their views before an election so that voters can make an informed choice when voting.

Resolving disputes

The High Court has been called upon to resolve disputes involving whether or not a state or Commonwealth law has been made in breach of any existing Australian law. In addition, it has also resolved issues involving international human rights treaties and conventions that Australia has agreed to uphold. It has declared any contravening laws (that is, laws that breach the Constitution) invalid. In this way the High Court can help protect the basic human rights of Australian citizens.

12.3 CHECK YOUR LEARNING

Review and understand

1 **Identify** three ways in which the High Court interacts with the Australian Constitution.

2 **Outline** why the Constitution might need to be interpreted.

Apply and analyse

3 **Explain** what the following statement means: 'The High Court can help keep the Constitution up-to-date and relevant in modern Australia.'

4 **Propose** (put forward) two areas of law that have been created as a result of advances in technology that would not have been envisaged in 1901 when the Australian Constitution was being drafted.

5 Read the case study: 'The High Court as "umpire": Can the Constitution restrict packaging?'

- a **Describe** what the dispute in the case was about.
- b **Explain** why the Commonwealth Parliament was able to make a law banning tobacco companies from using their logos and brand images on their tobacco products.

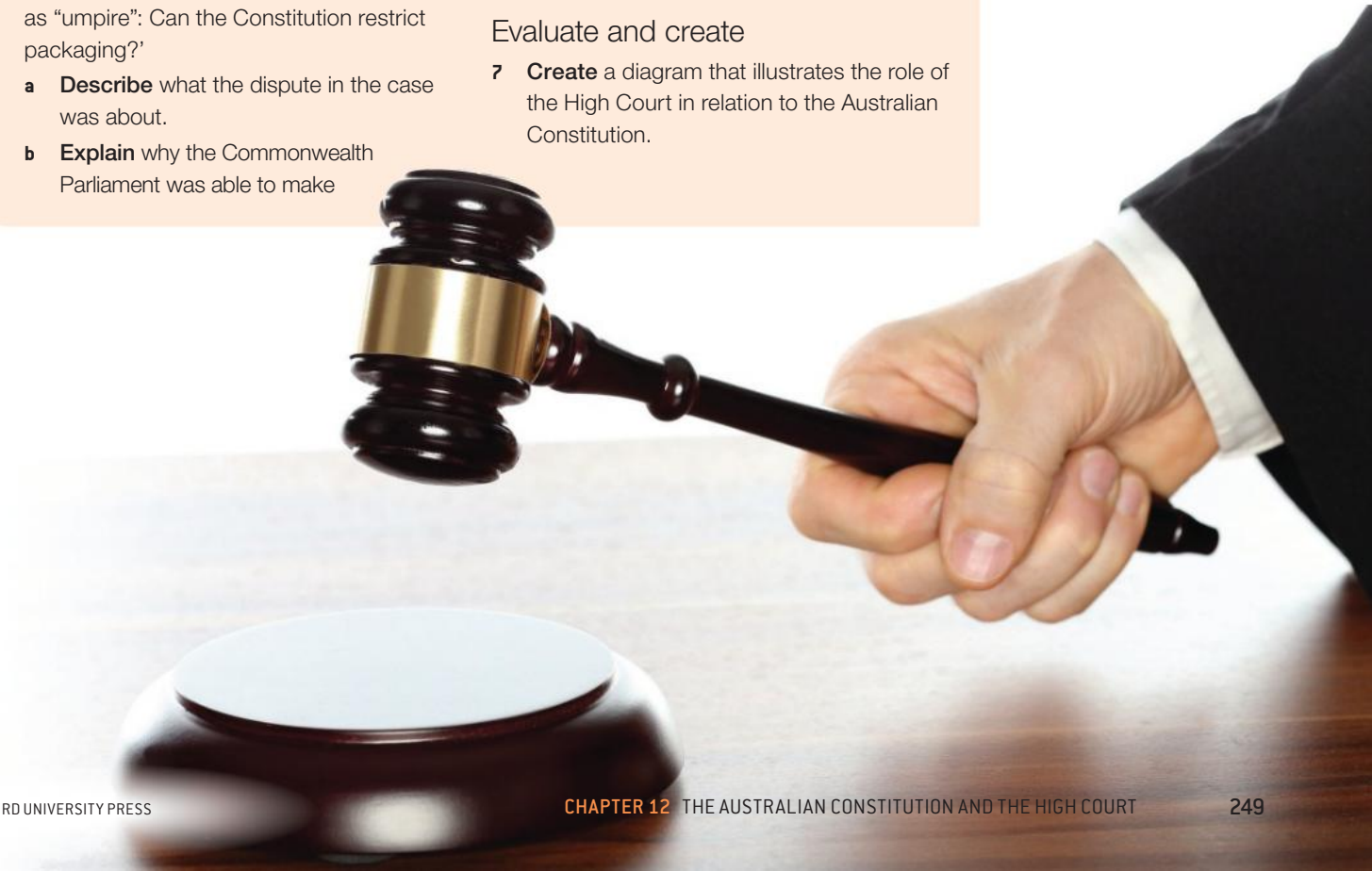
6 Read the case study: 'Can the High Court protect freedom of speech?'

- a **Propose** (put forward) reasons why, back in 1992, the Commonwealth Government may have wanted to pass a law to ban political parties from placing advertisements on television and radio during federal elections. Remember this was a time before the internet had been established, so there was no social media.
- b **Explain** why the High Court ruled that political parties should be able to advertise on television and radio during election campaigns.

Evaluate and create

7 **Create** a diagram that illustrates the role of the High Court in relation to the Australian Constitution.

Quiz me!
A quick quiz on the Constitution and the High Court



12B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

The right to protest

Over the years, the High Court of Australia has ruled that the Australian Constitution implies that Australians have the right to freedom of political communication (that is, the right to express their political views). But what exactly does this mean, and to what extent should people have the freedom to express their political views? For example, should an individual or group have the legal right to make public comments on political issues – for example, same-sex marriage, adoption, abortion or euthanasia – that might be considered cruel, offensive or intimidating? Or should our freedom to political communication be restricted?

In February 2019, in the case of *Clubb v Edwards; Preston v Avery* – known as the *Clubb Case* – the High Court had to decide whether or not people should have the right to publicly express their views, or protest, in circumstances where doing so could intimidate and cause stress to other people.

The case arose after the Victorian and Tasmanian governments passed laws – in 2008 and 2013 respectively – banning anti-abortion protesters (people who oppose the right of women to lawfully terminate their pregnancies) from demonstrating within 150 metres of fertility clinics. Fertility clinics are medical clinics that provide assistance to people with pregnancy-related issues, including being unable to conceive and lawful terminations. Called 'safe access zone' laws, the laws were introduced to protect people who visited fertility clinics (including clients and staff) from being intimidated and harassed by anti-abortion protesters, who regularly wait outside fertility clinics to urge women not to proceed with terminations.

In 2016 and 2017, some years after the introduction of the safe access zone laws, two anti-abortion protesters (one in Victoria and one in Tasmania) were charged with breaching the laws. After being found guilty, they argued in a number of court cases that the safe access zone laws breached their right to freedom of political communication.

Finally, in April 2019, the case was heard by the High Court. The High Court decided that while Australians have the right to freedom of political communication and to publicly express their views on controversial political issues, this does not give them the right to force political messages on another person if that message is 'inconsistent with the human dignity of that person'. By making this ruling, the High Court limited the right of people to publicly express their views in circumstances where the expression of these views may cause genuine distress or anxiety to others to the extent that it decreases their self-worth.



Source 5 Anti-abortion protesters outside a fertility clinic

KEY SKILL
Communicating & reflecting

Creating a timeline

Timelines are an effective way to organise and present information and ideas so they may be more easily understood and evaluated. Constructing a timeline involves presenting information – such as key terms, events and concepts – in a logical chronological or sequential order to illustrate a sense of time and a common relationship. Displaying events and concepts in a sequential order helps develop a linear perspective, and can assist in the analysis and evaluation information and ideas. There are a number of timeline creator tools available on the internet.

To create a timeline, follow these steps:

Step 1 Consider the length of time you want to represent on your timeline. You may want to show, for example, 1901 to 1999.

Step 2 Divide the timeline evenly into suitable blocks of time. For example, if you were illustrating the success of referendums since Federation, you could prepare a timeline of the years since 1901 in 10-year intervals.

Step 3 After determining your time intervals, accurately measure and mark the dates of your intervals.

Step 4 Mark specific, significant events on the timeline, including their dates. Provide a brief description or explanation of these events.

For more information on this key skill, refer to page 140 of 'The civics and citizenship toolkit'.

Practise the skill

1 Using the information provided, **create** a timeline of the *Clubb Case (2019)*. Your timeline should include the dates of the significant stages of the case, and an accompanying explanation for each. It should cover the period from the creation of the state safe access zone laws to the final High Court decision.

Extend your understanding

1 **Explain** whether or not you believe the High Court's decision effectively restricted the right of anti-abortion protesters – and all Australians – to freedom of political communication.

2 **To what extent** should restrictions should be placed on individuals with respect to their right to express their views on controversial political issues in public spaces? Write a paragraph explaining your position.



Source 6 Inside the High Court of Australia; many of the artworks in the High Court's collection reflect the traditions, symbolism and practice of the law.

12 CHAPTER REVIEW



Review questions

12A How does the Australian Constitution work?

1 **Identify** two purposes of the Australian Constitution. (1 mark)

2 **Explain** whether a proposal to change the Constitution would be successful if it was passed by 55 per cent of all Australian voters and a majority of voters in New South Wales, Victoria and Queensland. (3 marks)

3 What are two strengths of the referendum process? **Justify** your answer. (6 marks)

(Total: 10 marks)

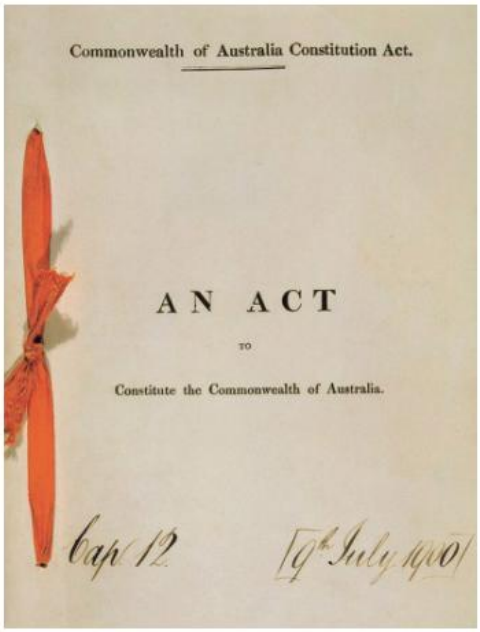
12B What role does the High Court of Australia play in interpreting the Constitution?

1 **Identify** how many justices of the High Court of Australia would hear and determine a case involving the interpretation of the Australian Constitution. (1 mark)

2 **Explain** the meaning of the term 'implied right'. State the implied right discussed in this chapter. (3 marks)

3 **Discuss** why the Constitution sometimes needs to be interpreted by the High Court. Give one example of a High Court case to support your answer. (6 marks)

(Total: 10 marks)


Commonwealth of Australia Constitution Act.

AN ACT

TO

Constitute the Commonwealth of Australia.

Cap 12

Source 7 The Australian Constitution

Review activity

Read the report then answer the following questions.

Aboriginal Australians win High Court battle

Section 51(xix) of the Australian Constitution gives the Commonwealth Parliament the power to make laws on immigrants (or 'aliens', as they were referred to when the Constitution was written back in 1901). Using this power, the Commonwealth Parliament passed a law in 1958 called the *Migration Act*. Under this law, the Commonwealth Government can deport (or remove) people from Australia to their country of birth if they have been found guilty of one or more serious crimes.

In 2020, the High Court was required to interpret the Constitution and make a ruling as to whether or not Aboriginal and Torres Strait Islander people who were born overseas could be deported to the country of their birth. The cases were known as the *Love and Thoms Cases*.

The cases arose after two men were ordered to be deported under the *Migration Act* after being found guilty of committing some serious crimes. Daniel Love (born in Papua New Guinea) and Brendan Thoms (born in New Zealand) are both Aboriginal Australians who were born overseas. Both men have one Aboriginal Australian parent and both identify as Aboriginal, despite never becoming Australian citizens. The two men argued that while they were born overseas, they were Aboriginal Australians who had been living in Australia since they were children and had been recognised as members of an Aboriginal community. As such, they said they could not be considered as immigrants and deported from Australia. In other words, the two men argued that the law relating to the deportation of immigrants did not apply to them. The Commonwealth Government argued the opposite – claiming that because the two men were born overseas, they were considered immigrants and could be deported to their country of birth.

In a majority verdict, the High Court found in favour of Love and Thoms. Four of the seven justices agreed that Aboriginal Australians cannot be considered immigrants because they have a sense of belonging to Australia that cannot be 'extinguished', changed or denied by the Commonwealth Parliament. This decision (or ruling) meant that the immigration laws relating to deportation could not be applied to them.



Source 8 Brendan Thoms and his mother celebrated after the High Court ruled that, as an Aboriginal Australian, he could not be deported from Australia to the country in which he was born, New Zealand.

1 **Outline** why the decision in this case is referred to as a 'majority verdict'. (2 marks)

2 **Identify** who won this case. (1 mark)

3 **Explain** why they won the case. (3 marks)

4 **Explain** why the Commonwealth Government wanted to deport Love and Thoms from Australia. (3 marks)

5 **Analyse** why Love and Thoms believed the federal immigration law that allows for people who have committed serious crimes to be deported to their country of birth did not apply to them. Make reference to the Australian Constitution in your response. (5 marks)

6 Do you believe the High Court's decision was fair? **Justify** (give reasons for) your response. (6 marks)

(Total: 20 marks)

Check your Student obook pro for these digital resources and more:

- Student book questions: Chapter 12
- Key skill worksheet: Communicating & reflecting: Chapter 12
- Quizlet: Play a game of Quizlet on The Australian Constitution and the High Court.
- Chapter review quiz: Chapter 12

CHAPTER 13

Australia's international legal obligations

'No man is an island, entire of itself; every man is a piece of the continent, a part of the main.' These words from sixteenth-century poet John Donne still resonate in our world today. All countries need to act together to combat world issues such as poverty, the effects of climate change and human rights abuses.

Australia is a member of the United Nations, an organisation set up to promote international cooperation and world peace. As such, Australia is one of 193 countries that have a shared responsibility to promote security, health and wellbeing in the world. Membership of the United Nations provides an avenue for Australia to fulfil its international obligations.



» **Source 1** Australia is a member of the United Nations, and shares responsibilities to act with other member countries to tackle international issues.



13A

What are Australia's global roles and responsibilities?

13B

How do Australia's international legal obligations shape our laws and government policies?

13.1 Australia's role as a member of the United Nations

In this topic, you will:

- describe the purpose of the United Nations
- describe Australia's role in the United Nations.

As a part of its commitment to ensuring global peace and development, Australia has been an active member of the **United Nations** (UN) since it was first established over 75 years ago. Throughout this time Australia has worked together with other nations to help maintain international peace and security, and improve the protection of universal human rights and living standards – both within Australia and abroad.

United Nations
an international organisation formed in 1945 with the aim of increasing political and economic cooperation among member countries

The United Nations

The UN is a global organisation that was created at the end of World War II. It was founded with the purpose of promoting international cooperation and addressing issues that affect the international community, which cannot be resolved by one nation acting alone. In other words, the UN attempts to deal with issues that transcend national borders. The UN aims to bring countries together to find solutions to issues that face all nations, such as **climate change**, global poverty and disease, and threats to human rights and international security.



Source 1 The UN headquarters in New York are built on international land owned by the people of the world. The UN has its own flag, showing a map of the world encircled by olive branches, which are a symbol of peace. The UN also has its own postage stamp.

There are 193 nations that are a part of the UN. These nations are referred to as UN Member States.

The UN has four main purposes:

1. maintaining international peace and security in the world
2. creating and developing friendship between nations
3. helping nations work together to solve major problems (for example, global poverty and disease, income inequality and climate change) and promote **human rights** (for example, the right to life, the right to freedom of religion, and the right to not be **discriminated** against on the basis of gender, race, religion, sexual orientation or disability)
4. providing a central meeting place where nations can come together to discuss and achieve the aims mentioned above.

climate change
a change in global or regional climate patterns; in particular, a change attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels

human rights
basic freedoms or standards that promote and uphold the dignity of all people and are guaranteed by a moral sense of duty or by the law

discriminated
when a person or group is treated unfavourably because of personal characteristics such as their age, race, disability, physical features or political beliefs

The Sustainable Development Goals (2015–2030)

While governments around the world aim to make laws that benefit the citizens in their own country and promote their own national interests, they must also consider the impact of their actions on other countries. In addition, individual nations often need to work together to address shared problems that affect the entire world.



Source 2 The Sustainable Development Goals (SDGs)

In 2015, each of the UN Member States, including Australia, promised to take action to end global poverty, protect the global environment and improve the lives of all citizens throughout the world. To do so, the Member States, agreed to adopt or take action to promote the achievement of 17 **Sustainable Development Goals (SDGs)** by 2030 (see Source 2).

Sustainable Development Goals (SDGs)
a set of 17 goals developed by the UN in 2015 that are designed to end poverty, protect the Earth from unsustainable development, and improve the wellbeing of all people by 2030

Weblink
UN Sustainable Development Goals

Australia's role

Australia was one of the first 51 countries to become a member of the UN when it started in 1945. Due to our relatively small population size, we are not considered a powerful nation by world standards; however, we do play a major role in the UN. For example, Australia is the twelfth largest financial contributor to the UN and plays an important role in the UN's peacekeeping activities.

In addition, membership of the UN allows Australia to have a voice in international affairs and play a role in promoting stability and human rights throughout the world. UN membership also helps Australia protect its own economic and security interests.

Weblink
UN International Days and Weeks

Key skill worksheet
Asking questions & conducting research: Sustainable Development Goals

13.1 CHECK YOUR LEARNING

Review and understand

1 **Describe** the main purpose of the UN.

Apply and analyse

2 **Propose** (put forward) four groups of people that might benefit from the work of the UN.

3 **Explain** why membership of the UN is beneficial for Australia.

Evaluate and create

4 The SDGs are a universal 'call to action' to help create a more just world by addressing 17 important global issues. Go to the SDG website (a link is provided on your obook pro) and investigate five different SDGs. For each goal:
- **Propose** (put forward) reasons why this goal is important to achieve. Provide some statistics to support your view.
- **Explain** how Australia might be able to help achieve this goal.
- **Create** a poster that illustrates your five chosen goals. Present your findings to the class.

5 The UN has named certain days and weeks to be observed as international days and weeks. Go to the UN website (a link is provided on your obook pro) and choose a day or week in the upcoming months that you are interested in. **Research** the issue and devise a way to create awareness of the day or week within your school. You could do one of the following:
- write a paragraph for the school newsletter or daily bulletin
- make an announcement to the school
- create a symbol for the day or week that will spark curiosity, or a slideshow that can be projected onto a wall as students enter a common room.

13.2 Australia's international role and responsibilities

In this topic, you will:

» explore some of the main ways Australia upholds its international role and responsibilities.

As the world become increasingly interconnected, it is essential that nations work together to resolve common global issues. As a member of the international community and one of the world's wealthiest nations, Australia has a role to play. Our responsibilities include helping to maintain global peace and security, strengthen human rights, protect the environment, improve global **living standards** and respond to **humanitarian crises**.

living standards
the level of wealth, material goods, comfort and life necessities available to people living in a geographical area

humanitarian crises
events that cause, or threaten to cause, significant harm and suffering to a community or nation; e.g. armed conflicts, global pandemics and natural disasters

Maintaining global peace and security

Australia works with a number of countries and organisations to help promote peace and security, both within our Asian–Pacific Region and throughout the world. For example, over the years the Australian Government has entered into a variety of military and defence **alliances** with other countries to ensure the security of our nation. These includes alliances with the United States, New Zealand, Indonesia, Japan, Malaysia and Papua New Guinea.

Australia is also a member of a number of organisations that work to maintain global security, including the UN and the **Commonwealth of Nations**.

Since 1947, Australia has been involved in over 60 UN peacekeeping operations. The main aim of these operations is to assist countries that have been involved in conflict to achieve lasting peace. UN peacekeeping operations achieve this by:

- maintaining peace and security in a region
- protecting civilians (that is, those who are not on active duty with the military, navy, police or firefighting organisations)
- overseeing elections to ensure they are free and fair
- disarming those who were involved in fighting; for example, controlling and disposing of weapons
- protecting and promoting human rights
- restoring the **rule of law** to a region, so that legal institutions – including the government, police, courts and prisons – are strengthened and accountable for their actions.

alliance
an agreement between one or more nations or organisations to work together to achieve a common or mutual interest

Commonwealth of Nations
a group of 54 nations that are, or used to be, ruled or governed by the United Kingdom; the head of the Commonwealth is the Queen or King of England

rule of law
the principle that everyone in society is bound by law and must obey the law, and that laws should be fair and clear, so people are willing and able to obey them



Source 3 Australian peacekeeping soldiers patrol a street in the Solomon Islands. Australia's Regional Assistance Mission to the Solomon Islands ran from 2003 to 2017.

The three basic principles that guide UN peacekeeping are:

- *the consent of parties* – in simple terms, this means the main parties to the conflict must agree to the UN peacekeeping operation taking place
- *impartiality* – UN peacekeepers must remain independent and unbiased when dealing with the parties involved in the conflict
- *the use of force as a measure of last resort* – UN peacekeepers can only use force (such as military force or weapons) in very limited circumstances; for example, when it is the only option available to protect themselves and/or civilians from physical harm or attack, assist authorities to maintain law and order, or deter a party from disrupting political processes, such as elections.

Key skill worksheet
Asking questions & conducting research: Australia as a peacekeeper

CASE STUDY

Why does the world's youngest nation need our help?

South Sudan became a nation in 2011. Since 2013, it has experienced a civil war, with fighting taking place between seven armed groups within the country. Around 1.5 million people have been displaced due to war, and thousands more have been killed. There have been massacres of civilians in hospitals and churches, with bodies being dumped in mass graves. South Sudan also experiences food insecurity, which means that its people do not always have access to safe, nutritious food. As a result, hunger and starvation are widespread and growing.

Australia is involved in the UN's peacekeeping mission in South Sudan. This mission involves protecting civilians and delivering humanitarian assistance, such as providing food and setting up camps for those who have been forced to leave their homes. Support is also provided to help establish rule of law in South Sudan and to assist in the economic development of the nation. Australia does this by deploying Australian Defence Force personnel to the region.

Since 2013, Australia has provided South Sudan with approximately $113 million for humanitarian assistance.



Source 4 In 2019, the Australian military helped transport Vietnamese peacekeepers from Hanoi to South Sudan.

humanitarian
concerned with or seeking to promote the welfare of humans

Strengthening human rights

Australia is committed to promoting and strengthening human rights both within Australia and around the world. Human rights are basic freedoms or standards that promote and uphold the dignity of all people. They are guaranteed by a moral sense of duty or by the law. Human rights belong to all human beings regardless of their nationality, place of residence, gender, ethnic origin, sexual orientation, religion or any other status.

As one of the founding members of the UN, Australia was involved in drafting the Universal Declaration of Human Rights (1948) following the end of World War II. This declaration sets out most of the basic human rights that all nations and governments, including Australia, should strive to promote and uphold. It is considered to be the basis of international human rights law.

Different types of human rights

Some of the rights in the Universal Declaration of Human Rights are:

- all people are born free and equal
- everyone is entitled to the same rights and freedoms
- everyone has the right to life
- no one should be subject to torture or slavery
- everyone is equal before the law
- no one should be subject to randomly being arrested, detained or exiled
- everyone has the right to be presumed innocent until proven guilty
- a person has the right to seek and be given **asylum** in another country.

Australia has also committed to seven international human rights agreements. Two of these elaborate on the principles established in the Universal Declaration of Human Rights and are legally enforceable in Australia. They are:

- the International Covenant on Civil and Political Rights (ICCPR) which includes, among many rights, the right to life, freedom of religion, freedom of speech and freedom of assembly; the right to vote; and the right to a fair trial
- the International Covenant on Economic, Social and Cultural Rights (ICESCR) which includes, among many rights, the right to equal pay, the right to health and education, and the right to an adequate standard of living.

Quiz me!
A quick quiz on Australia's international role and responsibilities

asylum
protection or shelter provided by a nation to a person who has been forced to leave their home country due to conflict or political unrest

See, think, wonder
Look at Source 5.
- What do you see?
- What do you think?
- What do you wonder?

Protecting the environment

Australia has been involved in many international agreements that serve to protect the environment. Perhaps the most important area of environmental protection is dealing with climate change. Australia has a national and international responsibility to reduce its environmentally harmful **greenhouse gas** emissions to avert the effects of climate change.

greenhouse gas
a gas, such as carbon dioxide, that absorbs radiation from the sun's rays, trapping heat in the Earth's atmosphere

In 2016 Australia became a party to the Paris Agreement, which is an agreement within the UN Framework Convention on Climate Change, whose members commit to reducing greenhouse gas emissions. The objective of the agreement is to limit 'the increase in the global average temperature to well below 2°C above [pre-Industrial Revolution] levels'. To achieve this long-term goal, the countries that signed aim to reduce greenhouse gas emissions as soon as possible. Australia committed to reducing greenhouse gas emissions by between 26 and 28 per cent below 2005 levels by 2030.



Source 5 Pressure is mounting on the international community to seriously consider climate change and commit to emissions-reduction targets for the future. Many believe the international community needs to turn talk into action.

The Australian Government has been criticised for its failure to follow through on the Paris Agreement. While the 2020 COVID-19 pandemic slowed the Australian economy and incidentally led to a lowering of greenhouse gas emissions, the Liberal–National Coalition government, led by Prime Minister Scott Morrison, has faced widespread condemnation for failing to commit to a 'zero emissions' target and for continuing to support the coal industry – one of Australia's major contributors to greenhouse gas emissions.

Improving global living standards and responding to humanitarian crises

Over the years, Australia has undertaken a range of actions to improve global living standards and has provided assistance to many countries that have experienced humanitarian crises. For example, Australia has a humanitarian strategy that outlines how we respond to international humanitarian crises and, as a member of the UN, is committed to assisting the achievement of the 17 UN Sustainable Development Goals by 2030 (see page 256).

foreign aid
assistance in the form of money, skills, goods and services transferred from one country to another, mainly for humanitarian reasons

One way Australia can help other nations improve their living standards is by providing **foreign aid**. Foreign aid may be given to help alleviate poverty and assist a community to develop a better standard of living; for example, to help build schools, roads or water infrastructure. It can also be used to provide food aid and medical care. Foreign aid may be offered by one country to another that is experiencing a humanitarian crisis which threatens the health and safety of its community.

In 2020–21, the Australian Government increased its spending on foreign aid by introducing a recovery package to help nations within the Indo–Pacific region respond to the challenges created by the COVID-19 pandemic. These nations include Fiji, Papua New Guinea, Timor-Leste (East Timor) and Indonesia.



Source 6 Australia gives foreign aid in many forms, mostly to countries in need within our region.

13.2 CHECK YOUR LEARNING

Review and understand

1 In your own words, **define** 'humanitarian crisis'.
2 **Explain** why some countries need foreign aid.
3 **Identify** two international human rights agreements that Australia is party to.

Apply and analyse

4 Imagine you are involved in a peacekeeping operation. **Determine** (decide) what dangers you might face as you carry out your work.
5 **Explain** why South Sudan requires help from the international community.
6 **Determine** (decide) why it is important that all countries agree on greenhouse gas emissions-reduction targets. What problems might arise if no agreements are reached?

Evaluate and create

7 Using the internet, **research**:
   a three recent examples of Australia providing foreign aid
   b where Australia is ranked in terms of providing international foreign aid. Do you think Australia gives enough foreign aid compared to other countries? Why do you think this?
8 Form small groups. Imagine the Australian Government is willing to provide assistance to help one other nation that is facing a humanitarian crisis or needs to improve its living standards. Your group has been employed to decide which nation should receive the assistance and what type of assistance it should receive. You must **justify** (give reasons for) your choice.

13A RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Australia's treatment of asylum seekers

Australia has international obligations to refugees and asylum seekers. A refugee is a person who has been recognised under international law as having been forced to flee their country due to war, persecution or natural disaster, and who cannot safely return under the existing conditions. Refugees have asked governments in different countries for protection and have been granted it.

By contrast, an asylum seeker is a person who has been forced to flee their country due to war, persecution or natural disaster, but whose claim for refugee status has not been determined. In other words, an asylum seeker has asked another country for protection, but is waiting for their claim as a refugee to be processed. If this claim is not granted, the asylum seeker will be returned to their country of origin.

Perspectives on asylum seekers

Source 8

My name is Najeeba Wazefadost, and 12 years ago I risked my life on a dangerous journey. I escaped my country Afghanistan and came to Australia by boat … Afghanistan has been in a state of war for many decades, a war that has left little evidence of justice, humanity and peace for its people. Even now, villages are frequently attacked and there is continuous persecution of minorities.

Najeeba Wazefadost (refugee from Afghanistan)

Source 9

These people just see that Australia is open for business. It's hotel Australia, the red carpet is laid out and there's no attempt to contain any of this. Border security does not exist.

Alan Jones (radio broadcaster) commenting on the arrival of 66 Sri Lankan asylum seekers in 2013

Source 10

If you pay a people-smuggler, if you jump the queue, if you take yourself and your family on a leaky boat, that's doing the wrong thing, not the right thing, and we shouldn't encourage it. We will stop these boats in any test of will between the Australian government and the people-smugglers. We will and we must prevail.

Tony Abbott (former Prime Minister of Australia)

Source 7 For over a decade, asylum seekers who arrive in Australia have been sent to Nauru or Papua New Guinea and held in detention while their claim for refugee status is processed. There is no time limit. As a result, many people have been held in detention for years.



KEY SKILL
Analysing sources

Recognising and considering multiple perspectives

A person's perspective is their point of view – the position from which they see and understand events going on in the world around them. People often have different points of view about particular events or issues depending on their age, gender, social position and beliefs or values. Looking at multiple perspectives can help you understand an issue in greater depth.

Follow these steps to practise the skill of identifying multiple perspectives:

Step 1 Identify a civics and citizenship issue about which there may be different opinions.

Step 2 List the various groups and/or people who may have been involved in or affected by this issue.

Step 3 Identify the role or position of these groups/people in society.

Step 4 Locate sources that provide evidence about the point of view these view these groups/people had on the issue.

Step 5 Analyse each source, using the following questions as a guide:

- Why was the source written or produced?
- Who was the intended audience of the source? Was it meant for one person's eyes, or for the public? How does that affect the source?
- What was the author's message or argument? What ideas were they trying to get across? Is the message explicit (obvious), or are there implicit (subtle) messages as well? What can the author's choice of words tell you? What about the silences – what does the author choose *not* to talk about?
- How does the author try to convey the message? For example, do they give a detached, balanced account, or is it biased for or against the issue?
- Compared to what we face today, what relevant circumstances and experiences were different for the author of the source in the past? (Some examples might include religion, economy, family life and technology.) How do you think these factors and experiences influenced their thoughts and actions?



Source 11 Asylum seekers who arrived in Australia by boat risked their lives to get here.

For more information on this key skill, refer to page 137 of 'The civics and citizenship toolkit'.

Practise the skill

1 **Identify** as many different groups/people as you can who are involved in or affected by travelling by boat to Australia in order to seek asylum.

2 **Describe** the roles or positions that these groups/people hold in society.

3 Consider Sources 8 to 10. Identify and **analyse** the perspectives portrayed in each of these sources, using the process outlined in step 5 above.

4 Now that you have considered multiple perspectives, what is your opinion of how Australia treats asylum seekers who arrive by boat without a visa? **Justify** (give reasons for) your response.

Extend your understanding

1 **Research** the Australian Government's 'enhanced screening process' for asylum seekers who arrive by boat. Explain what it is and whether it may violate our international human rights obligations.

2 Locate the latest *Australia and the United Nations: Human Rights Score Card* and **determine** (decide) the areas Australia needs to improve.

13.3 Australia's international legal obligations

In this topic, you will:

- examine how Australia's international legal obligations influence Australian law and government policies
- examine some of the international agreements Australia has ratified.

Australia has **international legal obligations** in a wide variety of areas such as human rights, the environment, defence, security and trade. These international legal obligations are written down in **treaties**, which Australia is compelled (or bound) to observe. A treaty can also be called a convention, protocol or covenant.

Bilateral and multilateral treaties

Australia may enter into bilateral or multilateral treaties. A bilateral treaty is a treaty between two countries. A multilateral treaty is between three or more other countries. Multilateral treaties are usually developed and overseen by an international organisation, such as the UN or the International Labour Organization (ILO).

The Australian Government has the power to enter into treaties and participate in international negotiations. Once a government agrees to the conditions of a treaty, it will sign it. Being a signatory to a treaty demonstrates a government's intention to be bound by its terms and to incorporate them into its national law at a later date. Once a treaty is signed, signatory nations have an obligation to refrain from any acts that would defeat the object and purpose of the treaty.

A treaty becomes legally binding upon a signatory nation when the nation specifically passes legislation (statutes) to approve and adopt the terms outlined in the treaty. This process is known as the **ratification** of the treaty. Once a nation, ratifies a treaty, it is legally bound to accept and implement the rights and responsibilities within that treaty.

The impact of treaties on Australian law

Over the years, the Commonwealth Parliament has passed a range of legislation to incorporate the terms of international treaties into Australian law. Source 2 provides some examples. However, it is not always necessary to pass new laws to ensure we comply with our treaty obligations. Existing Commonwealth or state/territory legislation may be sufficient to implement the provisions of a treaty.

international legal obligations
rights, responsibilities, terms and conditions of international treaties that a nation has legally committed to upholding through ratifications

treaty
a formal document, signed by nations or international organisations, that legally requires them to follow the conditions set out in the document

ratification
the process of a nation's parliament expressly passing legislation that requires it by law to adopt the various rights and responsibilities set out in a treaty



Source 1 In 2013 Australia and the United Kingdom signed the historic Australia–United Kingdom Defence and Security Cooperation Treaty, which allowed significant sharing of information, technology, policy and personnel.

Source 2 Examples of treaties that Australia has entered into and how the terms of these treaties are incorporated into Australian law

Treaty area	International treaty Australia has entered into	Australian law that reflects the conditions of the treaty, in part or full
Protecting endangered species 	• Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) • Ensures that international trade in wild animals and plants does not threaten their survival	• *Environment Protection and Biodiversity Conservation Act 1999* (Commonwealth) • *Example:* The trapping of the orange-bellied parrot (an Australian endangered species) is illegal.
Eliminating racial discrimination 	• International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) • Eliminates racial discrimination and promotes understanding among all races	• *Racial Discrimination Act 1975* (Commonwealth) and state law in this area • *Example:* A job advertisement stating that people of certain nationalities need not apply is against the law.
Protecting women against discrimination 	• Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) • Defines what constitutes discrimination against women and sets out a plan to end such discrimination	• *Sex Discrimination Act 1984* (Commonwealth) and state law in this area • *Example:* A woman who is told she cannot apply for a promotion because she has family commitments is being unlawfully discriminated against on the basis of being a woman.
Protecting the environment 	• Convention Concerning the Protection of the World Cultural and Natural Heritage (CCPWCNH) • Protects cultural and natural heritage around the world that has outstanding universal value and must be preserved for current and future generations	• *World Heritage Properties Conservation Act 1983* (Commonwealth) • *Example:* An attempt to destroy a World Heritage site (such as the Gondwana Rainforests of Australia) through mining is unlawful.

The influence of international legal obligations on policy

ozone layer
a layer of gases around the Earth that protects us from excessive harmful ultraviolet radiation from the sun

International legal obligations can shape domestic policy in Australia. Policy making involves the government taking action in a certain area to achieve a desired outcome. Protecting the **ozone layer** is one example of where Australia has worked with other countries and implemented policies at home to reduce ozone-depleting chemicals – such as chlorofluorocarbons – in the atmosphere. Australia has surpassed all of its legal obligations under the Montreal Protocol on Substances that Deplete the Ozone Layer. Ozone depletion still continues, but the Montreal Protocol was successful in controlling the global production and consumption of ozone depleting substances.

The reduction of greenhouse gas emissions is another area that requires sustained effort from all countries in order to make a difference. By signing the Paris Agreement in 2016 (see page 260), the Australian Government joined nearly every other nation in the world in committing to reduce greenhouse gas emissions. However, Australia earns a great deal of money from exporting **fossil fuels**, such as coal and liquid natural gas (which are a major contributor to our level of greenhouse gas emissions), and is reluctant to reduce its reliance on these fuels. The target Australia set (to reduce emissions by between 26 and 28 per cent below 2005 levels by 2030) was influenced by its economic interests.

fossil fuels
fuels made from the decomposed (fossilised) remains of plants and animals that lived millions of years ago (e.g. coal, oil, gas)

Failure to meet our international obligations and uphold the conditions outlined in international treaties can result in other nations or organisations putting international pressure on Australia.



Source 3 Australia, like many other countries, relies heavily on fossil fuels for energy. Australia needs to find innovative energy solutions if it is to reduce its impact on climate in the future. International pressure will affect policy in this area.

The UN plays a role in monitoring how Australia is performing in relation to its international legal obligations. For example, every five years the UN Human Rights Council (UNHRC) provides Australia with a review of its performance on human rights. In 2021 the UNHRC criticised Australia for its performance in a number of areas, including:

- its treatment of refugees and asylum seekers, which involves the offshore processing and detention of asylum seekers for lengthy periods of time and arguably does not fulfil our international legal obligations
- the treatment of Aboriginal and Torres Strait Islander peoples, who experience severe inequality compared to non-Indigenous Australians, including being significantly overrepresented in Australia's prison population. Some of the problems facing Aboriginal and Torres Strait Islander peoples were highlighted in the 2020 Black Lives Matters demonstrations and the 2021 Australia 'Invasion Day' protests.

Shining a light on Australia's poor performance in these areas may influence future policy change.

I used to think, now I think

Reflect on your learning about Australia's international responsibilities and obligations and complete the following sentences.

- I used think …
- Now I think …

What has changed your understanding?

13.3 CHECK YOUR LEARNING

Review and understand

1 Name two international treaties to which Australia is a party and **describe** the main purpose of each treaty.

2 **Explain** the difference between a bilateral and a multilateral treaty.

3 **Outline** why new law is not always needed to comply with an international treaty Australia has signed and ratified.

Apply and analyse

4 **Propose** (put forward) two examples of how Australian law reflects the principles of the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD).

5 **Determine** (decide) why the power to enter into treaties belongs to the Australian Government rather than the state or territory governments.

6 Do you think one country acting alone would be able to solve global environmental problems such as the depletion of the ozone layer and climate change? **Justify** (give reasons for) your response.

Evaluate and create

7 In small groups, **discuss** how Australia's international legal obligations can affect our domestic policy. Write down the main points from your discussion and report back to the class.

8 Read this extract and answer the questions that follow.

> 'Paying it forward.' In many ways that is a succinct expression of the major obligation of our existence. Doing things now for the protection and upliftment of relatively helpless future generations, which either don't exist yet or are presently too young to take action themselves. Australians don't have this obligation uniquely – every society on earth shares it equally. But in this country we have opportunities not widely available. We not only have an abundance of brilliant people with great energy and inventiveness, we are comparatively rich and thus can do what others might only dream of.
>
> Extract from General Peter Cosgrove, *A Very Australian Conversation*, Boyer Lectures, 2009

a **Explain** why General Peter Cosgrove (a former Governor-General of Australia) thinks that Australia is in a unique position compared to other countries to protect future generations.

b In your opinion what is the most important area of policy all countries need to participate in to protect future generations? Write a statement, similar to Cosgrove's, stating your beliefs and **justifying** (giving reasons for) your position.

Analyse this!
Australia's inernational legal obligations

13B RICH TASK

Quizlet
Revise the key terms you have learnt so far.

Australia's international obligations to Aboriginal and Torres Strait Islander peoples

The colonisation of Australia by the British from 1788 was the beginning of severe and devastating problems for Aboriginal and Torres Strait Islander peoples, the effects of which are still being seen today. For example, Aboriginal and Torres Strait Islander peoples have lower life expectancy, higher child mortality rates and higher unemployment rates compared to non-Indigenous Australians.

Government policy in relation to Aboriginal and Torres Strait Islander peoples has been fraught with difficulties in the past. While there may have been some good intentions, there has been a failure to properly work in partnership with Aboriginal and Torres Strait Islander peoples in deciding policy that affects them.

Does Australia meet its international obligations?

Australia is regularly criticised by international organisations (including the UN) for its treatment of Aboriginal and Torres Strait Islander peoples. For example, in 2021, the UNHRC (see page 267) criticised Australia for failing to address racism and the treatment of Aboriginal and Torres Strait Islander people in the criminal justice system (including the overrepresentation of Indigenous adults and youth in the prison system and deaths in custody). Australia has also not yet changed the Australian Constitution to recognise Aboriginal and Torres Strait Islander peoples as the traditional owners of Australia's land and waters. This could be partly achieved by including an acknowledgment within its preamble (or introduction): see Rich task 12A on page 244.



Source 4 Each year, Indigenous and non-Indigenous Australians join demonstrations to demand improved rights and recognition for Aboriginal and Torres Strait Islander peoples.

KEY SKILL
Communicating & reflecting

Creating and delivering an audiovisual presentation

Creating and delivering effective presentations is an important skill because it gives you practice talking in front of large groups of people – a task most of us are faced with at some stage in our lives. The following steps will help you avoid some of the pitfalls in creating and delivering a presentation, and increase the chances of the audience remembering and enjoying what you said:

Step 1 Plan and design your presentation:

- Plan your presentation carefully so it has a clear beginning, middle and end.
- Present the content in clear, concise bullet-point form, not as large slabs of text.
- Choose appropriate images.
- Remember that having objects and text moving on screen is distracting.
- Use a design that ensures your audience can clearly see and read the slides.

Step 2 Deliver your presentation:

- Do not simply stand up and read out the text on each slide. Plan what you will say to go with each slide. Record this on cue cards, and use these during your speech.
- One thing at a time! What is on the screen should be the thing you are talking about.
- Speak clearly – not too fast, not too slow. Vary your tone and pitch to make your presentation more interesting.
- Make eye contact with different members of your audience. Do not just look at your cue cards.

For more information on this key skill, refer to page 140 of 'The civics and citizenship toolkit'.

Practise the skill

1 **Research**, prepare and deliver an audiovisual presentation about Australia's international obligations to Aboriginal and Torres Strait Islander peoples. Your presentation should be based on relevant and reliable sources.

In your presentation, address the following:

a why Aboriginal and Torres Strait Islander peoples are a disadvantaged group within Australia

b positive steps in government policy affecting Aboriginal and Torres Strait Islander peoples

c an assessment of whether Australia meets its international obligations towards Aboriginal and Torres Strait Islander peoples.

Extend your understanding

1 As you listen to the presentations of your classmates, complete a peer assessment in the following form for each one.

Name of presenter:		
Topic of presentation:		
What are 3–5 things you learnt during this presentation?		
	PowerPoint design	**Oral presentation**
What is some 'warm' feedback you can give the presenter (positive/ achievements)?		
What is some 'cool' feedback you can give the presenter (constructive criticism)?		

13 CHAPTER REVIEW

Review questions

13A What are Australia's global roles and responsibilities?

1 **Outline** three global responsibilities of the Australian Government. (2 marks)

2 **Explain** how Australia works with the UN to contribute to global peace and security. (3 marks)

3 Using one example, **analyse** how Australia acts to strengthen global human rights or protect the international environment. (5 marks)

(Total: 10 marks)

13B How do Australia's international legal obligations shape our laws and government policies?

1 **Describe** two Australian federal or state laws or policies that uphold one or more of the rights included in the Universal Declaration of Human Rights. (2 marks)

2 **Discuss** whether or not you believe the Australian Government upholds its legal obligations with respect to its treatment of asylum seekers or Aboriginal and Torres Strait Islander peoples. (8 marks)

(Total: 10 marks)



Source 5 Tuvalu is a small country in the South Pacific Ocean that is in danger of being swallowed by rising sea levels.

Review activity

Read the information about the threats from climate change to Tuvalu, and then answer the questions that follow.

Tuvalu and climate change

Tuvalu is a small country in the South Pacific Ocean (see Source 5). It consists of nine islands and has a population of only about 11 000 people. Tuvalu is also one of the least-developed countries in the world. The total value of goods and services (referred to as the Gross Domestic Product, or GDP) produced in Tuvalu in 2019 was the equivalent of approximately US$3800 per capita (per person), compared to Australia's GDP of approximately US$55 000 per capita.

Climate change is having a devastating effect on this tiny nation. Increasing global temperatures are causing rising sea levels and extreme weather events that are damaging the fishing and agricultural industries in Tuvalu and destroying coastal villages. In fact, as the average height of the islands in Tuvalu is less than 2 metres above sea level, scientists have suggested the entire country may disappear within 80–100 years.

In August 2019, leaders of Pacific nations, including Australia's Prime Minister, Scott Morrison, met at the Pacific Islands Forum, held in Tuvalu, to discuss issues that affect the security, development and wellbeing of their nations. During the conference, the Prime Minister of Tuvalu, Enele Sopoaga, made a plea for all countries around the world – particularly those in the Pacific Region – to take action against climate change. This includes specifically banning the building of more coal mines, and moving towards the use of more sustainable and renewable energy in an attempt to secure the survival of Tuvalu and other small Pacific nations.

Morrison announced that the Australian Government would provide $500 million between 2020 and 2025 to help Pacific nations invest in renewable energy and undertake building works to ensure that essential services – such as roads, hospitals and schools – were strong enough to withstand extreme weather events. However, his government did not commit to reducing Australia's coal production or further reductions to Australia's greenhouse gas emissions. Coal is an important source of fuel and income for Australia.

1 **Describe** the negative impacts that climate change is having on Tuvalu. (2 marks)

2 **Summarise** what action the government of Tuvalu wanted the Australian Government to take to help resolve the issues facing its country as a result of climate change. (3 marks)

3 In your own words, **define** the term 'foreign aid'. (1 mark)

4 **Determine** (decide) the appropriateness of the Australian Government's response to Tuvalu's plea for assistance. (4 marks)

5 'Relatively wealthy nations, such as Australia, should be required to help other smaller and/or developing nations, such as Tuvalu, resolve the issues facing their nation.' **To what extent** do you agree with this statement? A lot (strongly), a little bit (somewhat) or not at all? Write a short paragraph explaining your position. (10 marks)

(Total: 20 marks)



Source 6 An aerial view of Tuvalu

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GLOSSARY

Glossary: Economics and business

A

Australian Competition and Consumer Commission (ACCC)
a body that promotes competition and fair trade in markets to benefit consumers, businesses and the community

Australian Securities Exchange (ASX)
operates Australia's primary securities exchange; shares are one form of security that can be traded via the ASX

automation
when work that was once completed manually is replaced with automatic equipment in manufacturing or other production processes

B

balanced budget
when revenue is exactly equal to expenditure

borrow
to take money from a bank or financial institution with the intention of paying it back over a period with interest

business
activity that involves producing goods or providing services in exchange for money

business processes
a series of tasks or actions that are undertaken by a business to produce its product

C

capital equipment
physical items, such as vehicles, machines and computers, that are used in production

capital resource
input from manufactured goods, such as machines or computers, that is used to produce further goods and services

capitalism
an economic system under which investment in, and ownership of, the means of production (e.g. factories, farms and machinery) are privately owned by individuals or corporations and run to generate profits

cause-and-effect relationship
the link between what causes an action and the outcome of that action; an appreciation of the fact that events that take place are linked and can have impacts on people and places for many years to come

climate change
a change in global or regional climate patterns; in particular, a change apparent from the mid to late twentieth century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels

commodities
raw materials or agricultural products that can be bought and sold

competitive advantage
when a business is able to outperform similar businesses in a market; this may be due to factors such as skilled personnel, and the ability to reduce costs and improve quality

compound interest
interest earned from a deposit or loan that is added to the original deposit or loan to earn further interest

consumer
a person who buys goods or services for personal use

Consumer Price Index (CPI)
a measurement of retail price changes of a constant basket of goods and services

cost–benefit analysis
estimating what will need to be paid (costs) and what possible profits will be derived (benefits) from a business proposal

crowdfunding
when a large number of people fund a project, usually via the internet, by each providing small amounts of money

D

debt
sum of money that is owed

deficit budget
when revenue is less than expenditure

deposit
sum of money paid into an account, which contributes to the full purchase price

depreciation
a reduction in value of an asset (such as a computer) over time due to wear and tear

depression
when economic activity is in decline over the long term

deregulation
reducing or eliminating government power in an industry to promote better competition in that industry

dismissal
an employer terminating an employee's employment against the employee's will

E

earn
obtain money in return for labour or services

economic contraction
a decrease in consumer demand for goods and services; reduction in number of employees in businesses; no wage growth

economic expansion
an increase in the level of economic activity, and of the goods and services available; this period of economic growth is measured by a rise in GDP

economic growth
an increase in the amount of goods and services produced, per person, within a specific period of time

economics
the study of how people produce, consume and share wealth

economies of scale
producing larger quantities of a good or service that results in reduced unit costs of production

economist
a person who studies the relationship between the resources that a particular geographic area (a country, for example) has and what that area can produce

economy
a system that involves the production, distribution, trade and consumption of goods and services by individuals, businesses, organisations or governments

employee
an individual who is hired to perform specific tasks in return for payment

employer
business that employs workers to produce goods and services

enterprise agreement
an agreement made directly between employers and employees about wages and working conditions

enterprising
demonstrating initiative and willingness to undertake new projects

equity
share in a company; the shareholder holds equity or a stake in the company

exchange rate
the amount of one currency that can be exchanged for another at a particular point in time

expenditure
the amount of money spent by a person, business or government

F

Fair Work Commission
Australia's national workplace relations tribunal, which carries out a range of functions concerning working conditions and resolution of workplace disputes

final goods and services
goods and services that are at their furthest stage of production; that is, they will not be used to produce other goods and services

financial planner
a professional who assists customers to plan their finances

financial year
a yearly period used by accountants and economists; in Australia, the financial year runs from 1 July to 30 June

fiscal policy
the government's management of the federal budget – adjusting expenditure and tax rates to influence the performance of the economy

fixed interest
an interest rate on a loan or mortgage that remains the same for the term of the loan or part of its term

franchise
a type of business where one party has a legal agreement to use an existing business's name, knowledge, processes and trademarks to sell goods or services

free enterprise
an economic system in which privately owned businesses operate with minimal government interference, and can operate competitively for profit

G

G20 nations
a group of nations that are considered important to the global economy due to their size, impact on trade, regional importance or other factors

globalisation
the increasing interconnectedness of countries around the world

goods and services
products made for consumers; goods are tangible products that can be touched, such as bread; services are intangible products that cannot be touched but benefit the consumer in some way, such as tutoring

government revenue
income a government receives predominantly from taxes, but also from non-tax sources such as loans and dividends from government-owned businesses

Great Depression
a period of severe economic downturn between 1929 and 1934 that affected most countries around the world

greenhouse effect
where gases, such as carbon dioxide, absorb radiation from the sun's rays, trapping heat in the Earth's atmosphere

Gross Domestic Product (GDP)
the total monetary value of all the goods and services produced by a country over a specific time period (usually a year)

H

hard skills
skills that are teachable and can be measured, such as using a computer

I

import quotas
physical limits placed on the quantity of an imported good that can enter a country

industrialised
a country or region that has developed industries on a wide scale

inflation
an increase in the general level of prices paid for goods and services over a certain period of time

injections
money that leaves the economy

innovation
a new idea or more effective process that makes a product better than it was before

insurance
a guarantee that there will be compensation for future loss, damage, illness or death in return for a specified payment in the present

interest (on a loan)
the amount of money a person has to pay the lender in addition to the original amount borrowed

interest rate
the amount a borrower must pay to a lender for the use of assets such as money – usually expressed as a percentage of the total amount borrowed

investing
putting money into shares, property or other financial schemes in the hope of making a profit

investment risk
the likelihood of losing money in a financial scheme

L

labour market reform
changes in laws and government policies in relation to employment; such reforms aim to increase competitiveness and economic growth while safeguarding against the unfair treatment of workers

labour productivity
the amount of goods or services that a worker produces in a given amount of time

labour resource
a person's intellectual or physical skills needed to produce a good or service

leakages
money that leaves the economy

living standards
the level of wealth, material goods, comfort and life necessities available to people living in a geographical area

M

macroeconomic policy
economic policy that affects the whole of the nation, such as budgetary policy and monetary policy; it targets changes that affect the entire economy, e.g. unemployment, economic growth and inflation

market economy
an economic system in which private individuals exchange goods and services with consumers in a free market and, in return, keep the profit

market segmentation
dividing consumers into groups based on their common needs and characteristics for marketing purposes

marketing
activities that convey the value of a good or service to a customer in order to increase sales

material living standards
standards that can be easily measured in terms of income per person, or consumption or purchase of goods and services

microeconomic policy
economic policy that affects a particular company, industry or market; it often focuses on promoting competition, productivity and efficiency

migration
the movement of people from one place to another

modern award
a legal agreement that sets out minimum pay and other employment conditions

monetary policy
actions by the Reserve Bank of Australia that affect the money supply and interest rates

N

natural resources
materials or substances from nature, such as water, forests and fertile land, that can be used in the production of goods and services

non-material living standards
standards that are not easily measured as they are intangible and refer to aspects of our lives such as enjoyment of nature and feeling safe in the community

O

OECD
the Organisation for Economic Co-operation and Development, which consists of 30 member countries that discuss and promote economic and social policy

opportunity cost
what we miss out on when making a choice

outsourcing
obtaining goods or services, which were previously provided by employees from within a business, by contract from a supplier outside of the business

P

per annum
per year

personal identification number (PIN)
a numerical password used to make sure a user is the owner of their financial account

philanthropist
someone who donates their time and/or money to charitable causes

planned economy
an economic and political system where the government or state predominantly owns the resources and decides what goods and services to produce, how to produce them and who they will be distributed to

positioning
a marketing strategy that aims to create a unique position for a brand or product compared to similar brands or products on the market

primary product
a product that exists in its natural state and that has not been used to make other goods and services

primary source
a source that existed or was made in the time period being studied

principal
money that was originally invested or loaned

product
an item (a good or service) that is offered for sale

profit
the amount of money a business earns after taking away its expenses

purchasing power
the financial ability to buy goods and services

R

ratification
the process of a nation's parliament expressly passing legislation that requires it by law to adopt the various rights and responsibilities set out in a treaty

real GDP
the inflation-adjusted value of all goods and services produced in an economy; adjusting GDP for inflation gives a more accurate picture of the true value of what has been produced, without being distorted by changing price levels

recession
when economic growth falls for two or more quarters in a row

revenue
the income a business receives from its business activities, such as the sale of goods and services to customers

S

saving
setting aside money to spend later

savings account
a bank account specifically for the purposes of depositing money and earning interest

scam
a scheme that is deliberately dishonest

secondary source
a source created after the time being studied

service sector
companies, businesses and government enterprises that provide intangible goods that benefit the consumer such as tutoring, accountancy, hairdressing and legal advice

sexual harassment
inappropriate unwelcome behaviour of a sexual nature

share market
a market in which shares in publicly listed companies are bought and sold

shares
units of ownership in a publicly listed company

simple interest
multiplying the interest rate by the principal (money originally deposited or loaned) and then multiplying by the number of periods in the loan

skimming
capturing a victim's personal information, such as credit card details, using an electronic method

small business
a business that employs fewer than 20 people, according to the Australian Bureau of Statistics

soft skills
personal qualities that allows a person to effectively interact with other people in a harmonious manner

spend
pay money to buy goods or services

subsidies
payments by the government or a public body to a producer or industry to support its business and to keep the price of its goods or services low or competitive

subsistence economy
an economic system in which people produce enough for their own needs through methods such as hunting, gathering and farming; money is not used

summary dismissal
the severe step of terminating an employee without notice

superannuation
money paid regularly into a fund that cannot be accessed until retirement

surplus budget
when revenue is greater than expenditure

T

tariff
a tax on imported goods and services

trade liberalisation
removing or reducing restrictions or barriers to trade between nations

transaction account
a deposit account held at a bank or other financial institution from which money can be withdrawn on demand

U

unemployment rate
the percentage of people in the labour force who are actively seeking employment but cannot find work

Glossary: Civics and citizenship

A

absolute majority
the requirement of a candidate (or political party) to win over half the votes to be declared the winner of the electoral division (or form the government)

accused
a person who has been charged with committing a crime

alliance
an agreement between one or more nations or organisations to work together to achieve a common or mutual interest

asylum
protection or shelter provided by a nation to a person who has been forced to leave their home country due to conflict or political unrest

asylum seeker
a person who seeks protection as a refugee, who is waiting to have their application assessed

Australian Constitution
a document that describes the rules, or laws, that govern Australia; the Constitution defines the structure of government in Australia, and also the rights of citizens

B

bail
an agreement to release an accused person into the community while awaiting trial

bicameral parliament
a system of government in which the legislature is made up of two houses

bilateral treaty
a legally binding international agreement between two countries

bill
a proposed law that has not been passed by both houses of parliament

breach of contract
where one individual believes another has failed to carry out the terms of a legally binding contract

budget deficit
a situation where an organisation plans to spend more money in the coming year than it expects to earn (or receive)

C

candidates
members of political parties who are nominated to run for office in an election

carbon tax
polluters being charged a tax to pay per tonne of carbon released into the atmosphere

census
a 'head count' or audit of the number of people living in a particular place at a particular time; information collected during a census often includes age, occupation, income, etc.

citizen
a person who legally lives in a geographical area, such as a town or country

citizenship
a person's status as a citizen; in a wider context, citizenship encompasses the rights and responsibilities that citizens exercise

civics
the study of the rights and responsibilities of citizens and how government works

civil case
a legal dispute between individuals (or groups) over an alleged breach of individual rights

climate change
a change in global or regional climate patterns; in particular, a change apparent from the mid to late twentieth century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels

coalition
two or more political parties that join together in an attempt to win an election and form government

colonising
taking control of a country or territory for financial, political or military gain, e.g. Australia was colonised by Britain

colony
a country or area under the full or partial control of another country, and occupied by colonisers from that country

common law
unwritten laws that are based on legal precedents made by the courts

Commonwealth of Nations
a group of 54 nations that are, or used to be, ruled or governed by the United Kingdom; the head of the Commonwealth is the Queen or King of England

concurrent powers
specific areas of law-making power that are shared by both the Commonwealth and state parliaments, e.g. both the Commonwealth and state parliaments can make laws in the areas of taxation, marriage and divorce, and census and statistics

constitution
a document that outlines the rules and principles that guide the way an organisation, state or nation is governed (or managed)

constitutional convention
a meeting of representatives from the colonies to consider the benefits of, and terms and conditions associated with, creating one central law-making authority

constitutional monarchy
a political system in which a monarch (i.e. a queen or king) is the head of state and a parliament makes laws under the terms of a constitution

court hierarchy
a ranking of courts in order from lowest to highest according to the seriousness and complexity of the cases it can hear and determine

criminal case
a legal dispute in which an individual who is accused of committing an illegal act that inflicts harm on another individual and/or society, is taken to court (prosecuted) by the government

Crown
the reigning British monarch (currently the Queen)

D

damages
a civil remedy where the court orders the defendant to pay an amount of money to the plaintiff

defamation
a type of civil action where one party makes false statements that cause another party to lose their reputation

defendant
the person accused of a crime

democracy
a political system (or system of government) where the people determine how they will be managed or governed, and may exercise the power to directly govern themselves or elect representatives to govern on their behalf

developing country
a non-industrialised (i.e. largely agricultural) country with a relatively fragile economy and a low standard of living that is not always able to support the needs of its citizens

discriminated
when a person or group is treated unfavourably because of personal characteristics such as their age, race, disability, physical features or political beliefs

discrimination
treating, or proposing to treat, a person or group of people unfavourably because of personal characteristics such as gender, age, race, disability, physical features or political beliefs

diversity
a group or society consisting of a range of people who have different racial, cultural, religious and socio-economic backgrounds, lifestyles and life experiences

double majority
a voting system that requires a majority of all Australian voters, and a majority of voters in a majority of states (i.e. at least four states) to vote in favour of a proposal for change to the constitution

E

elections
processes whereby the people are able to choose their representatives and members of parliament

electoral divisions
geographical areas containing specified number of people who can vote in an election

Emissions Trading Scheme (ETS)
businesses having to pay for emitting carbon dioxide above the government's set limit; if a business emits carbon dioxide below the limit, it receives a credit that can be purchased by other businesses that have emitted carbon dioxide above the limit

exclusive powers
specific areas of law-making power in which only the Commonwealth Parliament can make law; e.g. only the Commonwealth is able to make laws in the areas of currency, defence, and customs and excise duties

executive power
the power to administer or implement the law, held at federal level by the Governor-General (as the Queen's representative), and the prime minister and senior ministers

F

federal budget
the federal government's estimate of how much money the government expects to receive in the coming year and how they plan to spend it

federal parliamentary system
a political system where the responsibility to make or change laws is shared by one national (or federal) parliament and six state parliaments

federation
a union or joining of independent states (or colonies) to create one central law-making authority

Federation Day
1 January 1901; the day the six separate British colonies united to form one Australian nation with a federal system of government consisting of the newly created Commonwealth Parliament and the six state parliaments

foreign aid
assistance in the form of money, skills, goods and services transferred from one country to another, mainly for humanitarian reasons

formal vote
a valid ballot paper that has been correctly completed in accordance with the instructions

fossil fuels
fuels made from the decomposed (fossilised) remains of plants and animals that lived millions of years ago (e.g. coal, oil, gas)

freedom of assembly
the right of individuals to peacefully gather together to form a group or association to pursue a common goal

freedom of political communication
the right of Australians to exchange information or discuss political issues without fear of being charged and punished by the government

freedom of speech
the right of individuals to publicly express their views and opinions (provided these statements are not false, hateful or cause harm) on a range of political issues without fear of being punished by the government

G

Gaia hypothesis
the theory that the Earth is a single, interconnected, self-contained system

global citizen
a person who identifies as being part of the world community and acts according to world community values and practices

government
the elected members of parliament who make decisions for a nation or state; the government is made up of the party or coalition that has won a majority of seats in the lower house of parliament

Governor
the Queen's representative at state level

Governor-General
the Queen's representative in the Commonwealth Parliament

greenhouse gas
a gas, such as carbon dioxide, that absorbs radiation from the sun's rays, trapping heat in the Earth's atmosphere

H

House of Representatives
the lower house of the national parliament

human rights
basic freedoms or standards that promote and uphold the dignity of all people and are guaranteed by a moral sense of duty or by the law

humanitarian
concerned with or seeking to promote the welfare of humans

humanitarian crises
events that cause, or threaten to cause, significant harm and suffering to a community or nation; e.g. armed conflicts, global pandemics and natural disasters (such as earthquakes, volcanic eruptions and cyclones)

I

implied rights
rights that are not expressly stated in the Australian Constitution but are considered to exist through interpretation by the High Court

independent
member of parliament who is not associated with a political party

independent candidate
an individual who stands for election, but does not belong to a political party

indictable offence
a serious offence heard before a judge and jury

informal vote
an invalid ballot paper that has not been completed in accordance with the instructions and therefore not counted in the final vote tally

infrastructure
the facilities and services necessary for any community, city or country to function (e.g. buildings, electricity, roads, airports and water supply)

international legal obligations
rights, responsibilities, terms and conditions of international treaties that a nation has legally committed to upholding through ratifications

J

judge
an impartial adjudicator whose role is to ensure proper processes are followed in court to ensure justice is upheld; they can also determine the outcome in trials that don't use a jury

judicial power
the power to interpret and apply and the law to settle disputes, held by the courts; this allows the courts to enforce the law and settle disputes

judiciary
interprets and applies the laws made by parliament; in Australia this role is fulfilled by the High Court and other courts

jurisdiction
the legal power to make legal decisions and judgements

L

laws
formal rules that are designed to govern the way in which people behave so we can all live together in one peaceful and united society

legal dispute
argument or disagreement between two or more parties that is resolved by the legal system

legal principle
a legal rule of law established by a judge

legal system
a system of laws; in Australia, it encompasses a range of organisations, including the courts, tribunals, parliaments, police and prisons

legislative power
the power to make the law, held by parliament

liberal democracy
a form of government in which sovereignty is vested in the citizens

living standards
the level of wealth, material goods, comfort and life necessities available to people living in a geographical area

M

magistrate
an official who hears and judges minor cases or preliminary hearings

Magistrates' Court
the lowest ranked court in the Australian and Victorian court hierarchy; hears a wide range of criminal (and civil) cases including all summary offences

media
organisations and forums that communicate news and information to the public, such as newspapers, magazines, and television and radio broadcasters (often referred to as 'traditional media'), and online websites and social media apps (such as Facebook, Twitter and Instagram)

members of parliament
individuals who have been elected by the people to represent their views and values in parliament

multiculturalism
the idea that several different cultures can coexist peacefully and equitably in a single country

multilateral treaty
a legally binding international agreement between three or more countries

N

negligence
a type of civil action where one party causes harm through failure to uphold a reasonable duty of care to a 'neighbour'

O

Opposition
the second largest political party, or coalition of parties, after the government party in the lower house of parliament, which works to scrutinise and oppose government policies

ozone layer
a layer of gases around the Earth that protects us from excessive harmful ultraviolet radiation from the sun

P

parliament
an organisation that makes the laws in a country, often with a lower house to draft laws and an upper house to review the proposed law; in Australia, the monarch's representative (the governor-general) is also part of parliament and officially creates the laws

plaintiff
the party who initiates or commences a civil action against another party

pluralist society
a cohesive society or community in which a number of people with different racial, cultural, religious and socio-economic backgrounds live together in a peaceful and united way

policy
a statement of principles to guide action for the future

political party
a group of people with similar views and ideas about how a country (nation), state or territory should be governed

preamble
a short introduction, commonly provided at the beginning of an Act of Parliament (or a Constitution), which explains its broad aims and objectives

precedent
a legal principle that must be followed by magistrates and judges in cases where the facts are similar

preferential system
a voting system that requires the voter to mark or indicate their preference for each candidate (or a specific number of candidates) on the ballot paper

presumption of innocence
the right of a person accused of committing a crime to be presumed and reasonably treated as not guilty unless proven otherwise

prime minister
the leader of the political party that forms the government

provincial level of government
an intermediary (or secondary) tier or level of government; in Indonesia, for the purposes of governing, the nation is divided into 34 provinces or subdivisions

Q

quota
in a Senate election, the number of votes a candidate must receive before they are elected

R

ratification
the process of a nation's parliament expressly passing legislation that requires it by law to adopt the various rights and responsibilities set out in a treaty

reasonable grounds
legal test that must be satisfied before an action can be taken

reconciliation
the bringing together of Aboriginal and Torres Strait Islanders and non-Indigenous Australians; it involves working to overcome past divisions and address inequalities between Aboriginal and Torres Strait Islanders and non-Indigenous Australians

referendum
the method for changing the wording of the Australian Constitution; it requires a proposal for change to be approved by the Australian people in a compulsory public vote

refugee
someone who has been assessed as having been forced to flee their country due to war, persecution or natural disaster

remedy
an outcome of a civil dispute aimed at restoring the plaintiff, as far as possible, to the position they were in prior to the breach of rights

representative democracy
a political system based on citizens voting to elect representatives

representative government
a system of government (or political system) in which the people elect members of parliament to make laws and manage the country on their behalf; also called representative democracy

republic
a system of government in which the power lies with a group of elected officials rather than a king or queen

residual powers
areas in which the only the state parliaments can make law, e.g. law and order, education, health and public transport

responsible government
the requirement that the government must be accountable or answerable to the people for its actions and decisions, and that members of the government must carry out their duties in an honest manner or resign

royal assent
the formal signing and approval by the governor-general (at the Commonwealth level) or governor (at state level) for a bill to become a law

rule of law
the idea that everyone is equal before the law regardless of their power or status in society

rules
regulations or guidelines imposed upon the members of a specific group so they can work together in a peaceful manner

S

sanction
a penalty (for example, a fine or imprisonment) imposed on a person who has breached a criminal law

self-determination
the right of the people in a particular place to choose the form of government they will put in place and the course of action they will take

Senate
the upper house in federal parliament

senator
individual elected to the upper house of the parliament (the Senate)

separation of powers
the principle of government that ensures no single group or body within the parliamentary system – i.e. neither the government, the parliament nor the courts – can administer the law, make the law, and interpret and apply the law

signatory
a country that has signed an international treaty to demonstrate its intention to adopt the treaty and incorporate it into their law at a later date

social cohesion
a term used to describe the willingness of members of a society (or community) to live together in a peaceful and cooperative way in order to survive and prosper

specific powers
areas in which the Commonwealth Parliament has the power to make law, e.g. defence, currency, and marriage and divorce

statute
law made by parliament (also called legislation or Acts of Parliament)

statutory authority
a body or organisation that is given the power by parliament to make laws on its behalf

statutory interpretation
when a judge is called to resolve a dispute in which the existing legislation is unclear and needs to be interpreted

Stolen Generations
the children of Aboriginal and Torres Strait Islander descent who were forcibly removed from their families by government officials and church Missions in Australia and raised by white Australians; this practice was official government policy from around 1909 to 1969

summary offence
a minor offence heard in the Magistrates' Court

T

tariff
a tax (usually applied to goods being imported or exported)

treaty
a formal document, signed by nations or international organisations, that legally requires them to follow the conditions set out in the document (also known as a convention, protocol or covenant)

trial
the formal examination of evidence by a judge and jury in order to decide on the verdict

U

United Nations
an international organisation formed in 1945 with the aim of increasing political and economic cooperation among member countries

V

verdict
decision in a civil or criminal court case: guilty or not guilty

W

Westminster parliamentary system
the British parliamentary system, upon which the Australian parliamentary system is modelled

White Australia Policy
a term used to describe a series of government policies introduced after Federation in 1901 that prevented 'non-white' immigrants from settling in Australia, instead favouring those from certain European nations (especially Britain); these policies were progressively overturned between 1949 and 1973

INDEX

A

Aboriginal and Torres Strait Islander peoples 162
  Australia's international obligations to 267, 268
  Black Lives Matter demonstrations 218, 267
  Closing the Gap 220
  Constitutional recognition 244
  racism towards 161
  recognition of 219–20
Aboriginal and Torres Strait Islander rights
  1967 referendum 219, 242
  changes since 1967 220
  native title 219, 220
  and *Terra Nullius* proclamation 217
absolute majority 147, 208
Acts of Parliament 172
advertising of products 115
Afterpay 41
age discrimination 72, 73
ageing population, and democracy 229
Anderson, Cedar and Stuart 65
annual leave 69, 70
asking questions and conducting research
  civics and citizenship 135–6, 223, 232–3
  economic and business skills 7–8, 67, 89
asylum 134, 260
asylum seekers 175, 197, 262, 267
ATM fees 53
audiovisual presentations 269
Australia
  cultural diversity 162–3
  economic growth 92–3
  environmental protection 260
  Federation *see* Federation
  foreign aid 259, 261
  and the global economy 23, 26–31
  legal system 173, 174–7
  as liberal democracy 144
  multicultural Australia 200, 230–1
  political system 146–9
  poverty 102–3
Australian citizens and citizenship 140–1, 160, 161
Australian Competition and Consumer Commission (ACCC) 50
Australian Constitution 146, 186, 204, 207, 219, 238–42
  changing the Constitution 241–2
  and the High Court 246–8
  how it works 240–2
  purpose 239
  reasons for establishing 238–9
  recognition of Aboriginal and Torres Strait Islander peoples 244
Australian consumer law 55
Australian economy 14–15
  Asia and the global economy 26–31
  how it compares 90–1
  measuring performance 80–95
  participants in 20–3
  see also international trade
Australian Electoral Commission (AEC) 151, 156, 224
Australian Human Rights Commission 74
Australian identity 163
Australian Labor Party (ALP) 150
Australian of the Year Awards 164
Australian Securities Exchange (ASX) 44, 48
Australian workplace responses to COVID-19 pandemic 62–3
Australians, overseas travel 31
Australia's democratic society
  safeguards 224–5
  threats to 226–9
Australia's international democratic ranking 222
Australia's international legal obligations 264–7
Australia's international obligations to Aboriginal and Torres Strait Islander peoples 267, 268
Australia's international role and responsibilities 258–61
Australia's involvement with the United Nations 221, 256–7
Australia's system of government 200–1
  principles 202–5
  safeguards 224–5

B

'bad debt' 40
bail 175
balanced budget 104
ballot papers 156
bank accounts 52–3
bank deposits 39
bargains 38
Batty, Rosie 161
better quality goods 115
bicameral parliament 206
bilateral treaties 264
bills (proposed laws) 210
Black Lives Matter demonstrations 218, 267
Boeing 787 Dreamliner 30
bonds 45
borrowing money 40, 59
breach of contract 182
British colonists, laws and legal system 206
budget deficit 201
budgetary policy 104–5
Buffett, Warren 46
bullying in the workplace 74, 75
business culture, innovation 122
business decisions, consequences of 25
business environment 112–29
business knowledge, applying to new situations 77
business processes, innovation 123
business success, innovating for 124–6
businesses 11
  competitive advantage 114–17
  innovation 120–3
  see also small businesses
'buy now pay later' (BNPL) businesses 41
buying a car 54

C

candidates 144
capital equipment 84
capital resources 14
capitalism 18
car manufacturing in Australia 24

car purchase 54
carbon tax 108
careers 66
caricatures 158
Carman's Fine Foods 21
cause-and-effect relationship 9, 103
census 219
changing work environment 60–78
China, as Australia's largest trading partner 32–3
circular flow of income model 21–2, 39
citizens 140–1, 160, 161
citizenship 140, 160, 161
civics 140
civics and citizenship skills 134–41
civil cases 180, 182, 188, 189
climate change 108–9, 256, 260
Closing the Gap report 220
coalition 147, 208
coffee price index 85
colonies (states) 206
commodities 26
common law 172
Commonwealth (federal) government 201, 209
Commonwealth of Nations 258
Commonwealth Parliament 147–8, 206
  creating 206–7
  law-making powers 206, 240
  specific powers 241
  structure 207–10
communicating and reflecting 11, 42, 93, 109, 140–1, 179, 251, 269
competitive advantage 114–17
compound interest 40
compulsory voting, arguments for/against 203
concurrent powers 241
constitution *see* Australian Constitution
constitutional conventions 206, 239
constitutional monarchy 146
consumer needs, responding to 116–17
Consumer Price Index (CPI) 85
consumer rights 54–5
consumers 20, 84, 114
  offering them better quality or perceived value 115–16
  offering them a lower price 114–15
cost–benefit analysis 11, 56, 57
counting the votes 156–7
County Court 181, 185, 189, 190–1
court hierarchy 184, 246
  in Victoria 188–91
court jurisdictions 184–7
court system 176, 177, 180
courts
  making law by setting precedent 192
  making law through statutory interpretation 193
  role in law-making 172, 173, 192–3
COVID-19 pandemic
  and Australian unemployment rate 87
  changing the world of work 62–3
  and international students studying in Australia 79
  and limitations on basic democratic freedoms 218
  and recession 105
  scams 50
credit, wise use of 41
credit card debt 42
credit cards 38
crimes 181
criminal cases 180, 181, 183
criminal offences 181
criminal trial 178
Cronulla race riots 162
crowdfunding 65
the Crown 206, 207, 210
culpable driving causing death 181

D

damages 182, 190
data tables, reading and interpreting 33
debt 38, 40
defamation cases 182, 189
defendant 182
deficit budget 104
democracy 140
  living in a 144–5
  national and international factor effects 218–21
Democracy Index 222
democratic processes to agree on a course of action 139
deposit 39
depreciation 82
deregulation 107
developing countries 221
developing questions 7, 89, 135
discrimination 256, 265
  in the legal system 174
  in the workplace 72–3
District Court 185
district government, Indonesia 213
diversity, in Australia 162–3

E

economic contraction (economic decline) 23
economic depression 83
economic expansion 22–3
economic growth 22–3
  Australia 92–3, 238
  importance of 82–3
economic performance 80–95
  Australia 90–1
  measuring growth 82–3
  measuring participation 86–7
  measuring price changes 84–5
economic systems
  types of 16–19
  what, how and for whom to produce? 16
economics 11
economics and business issues, applying strategies to resolve 10
economics and business skills 6–11
economies of scale 115
economists 15
economy 14, 101
  models of the 21–3
  resources in the 14–15
  small business role 106
  see also Australian economy
EFTPOS fees 52
elections 144, 150, 154–5, 224
electoral divisions (electorates) 147, 208
Emissions Trading Scheme (ETS) 108
employees
  behaviour in the workplace 71
  enterprising skills 64
  expectations of employers 69
  obligations 68, 70
  ownership of businesses 122
employers
  expectations of employees 69
  obligations 68–70
  workplace health and safety procedures 62
employment, and productivity 101
endangered species 265
enrolling to vote 155
enterprise agreements 69–70
enterprise bargaining 69
enterprising skills 64–5
environmental policy 108–9
environmental protection 260, 265
equality before the law 174–5
equities 45
evaluating alternatives 10
evaluating and decision making 139, 165
exception fees 53
exchange rate 21
exclusive powers 241
executive power 204
expenditure 104
exporting countries 26
exports 21, 22, 26, 28–9, 32

F

fact vs opinion 138
Fair Work Act 2009 72, 74
Fair Work Commission 69, 70, 74, 76, 77
Fair Work Ombudsman 74
Fairtrade flowers 35
Family Court of Australia 186
federal budget 104–5, 211
Federal Circuit Court 186
Federal Court of Australia 186, 187
federal courts 186
federal elections, voting in 156–7
federal government 201, 209
federal parliament 147
  law-making 172, 173, 194, 206, 207, 240
  lower house (House of Representatives) 147–8, 149, 207, 208
  structure 147–9
  upper house (Senate) 148–9, 186, 207–8, 209
federal parliamentary system 146, 147, 200–1
Federation 207, 238
final goods and services 82
financial intermediaries 39
financial planners 45
financial sector 20, 22, 39
fines 181, 190
fiscal policy 104
five-sector circular flow of income model 22–3, 39
fixed interest investments 45
Flow Hive (beekeeper product) 65
foreign aid from Australia 259, 261
foreign direct investment 23
formal vote 156

fossil fuels 266
free enterprise 20
free market economy 18, 19
freedom of political communication 248, 250
freedom of speech 202, 248

G

gamification as a marketing tool 120
Gandhi, Mahatma 164
global citizens 141, 160, 161
global economy
  and Australia 23
  Australia and Asia 26–31
global product manufacture 30
global warming 108, 109
globalisation 23, 24, 140
glossary 272–80
Go Foundation 161
'good debt' 40
Goodes, Adam 161
goods and services 82, 114
  consumer rights 54–5
government expenditure 105
government policy, shaping and developing 151–2
government revenue 104, 105
government sector 20, 22
government spending 22
government(s) 140, 147–8, 150, 152
  accountable to the people 203
  Australia's system of 200–5
  differences from parliament 149
  elected by the people 224
  environmental policy 108–9
  Indonesia's system of 212–15
  make laws that reflect the views and values of the people 203
  must not abuse their power 204–5
  of the day 198
  past record and competence 154
  powers of 204
  protection of the rights and freedoms of individuals 202
  role in Australia 200
  upholding basic human rights 225
Governor-General 147, 149, 207, 210
graffiti vandalism 183
Great Depression 83
greenhouse gas emissions 108, 260, 266
the Greens 150
Gross Domestic Product (GDP) 11, 82–3
  Australia 26, 91
guilty plea 190

H

'hard skills' 65
High Court of Australia 184, 185, 186, 246
  acting as 'umpire' 247
  interpreting the Constitution 246
  keeping the Constitution relevant 246–7
  protecting the rights of Australian people 248, 250
  resolving disputes 249
Hipworth, Morgan 64
House of Representatives 147–8, 207, 208
House of Representatives election 156, 157
human rights 256
  agreements 260
  Australia's performance 267, 268
  strengthening 259–60
  upheld by Australian law 225
  see also Universal Declaration of Human Rights
humanitarian aid 259
humanitarian crisis 258, 261

I

implied rights 248
import quotas 107
imports 21, 22, 26, 29, 31, 32
imprisonment 181, 190
income taxes 9
independent and unbiased judiciary 176–7
independent candidates 226
independents, in parliament 150, 151
indictable offences 181, 189, 190
Indonesia
  challenges to voting 214
  death penalty in 215
  history of democracy 212–13
  structure of national parliament 213
Indonesia's system of government 212–15
  representative democratic republic 212
  separation of powers 214
  three levels of government 212–13
inflation 84, 104
  Australia 90–1
  measuring 85
infographics 93
informal vote 156
infrastructure 238
injections (into the economy) 22
innovation 120
  in business culture 122
  in business processes 123
  for business success 124–6
  in marketing 120–1
insurance 62, 121
interest earned 39–40
interest-earning investments 45
interest owed 38, 39
interest rates 11, 38, 84
intermediate courts 184, 185
International Covenant on Civil and Political Rights (ICCPR) 221, 260
International Covenant on Economic, Social and Cultural Rights (ICESCR) 260
international legal obligations
  Australia's 264–7
  bilateral and multilateral treaties 264
  impact of treaties on Australian law 264–5
  influence on policy 266–7
international market for labour 23
international students studying in Australia, and COVID-19 pandemic 79
international trade 12, 20–1, 23, 26
  Australia's major trading partners 27, 32–3
  exports 21, 26, 28–9, 32
  importance of 26
  imports 21, 26, 29, 31, 32
  see also Australian economy
interpreting data 9
investing 11, 39, 44–6
investment options 22, 45, 48–9
investment risk 44
irony 158

J

job market 66
job satisfaction factors 68
judges 172, 173, 176–7, 190–1, 192
judicial power 204
judiciary 174, 176–7, 204
jurisdiction 184
jury trials 178, 190

L

La Salle's 'four seeds' approach to product innovation 125
Labor Party 150
labour force 86, 101
labour market reform 107
labour productivity 101, 122
labour resources 14
  law-making
  courts role 172, 173, 192–3
  parliament's role 172, 173, 192, 206, 207, 240
laws 170
  differences from rules 170
  how they are made 172–3
  why we have laws 170–1
leakages (from the economy) 22, 23
legal disputes, types of 180–3
legal principles 172, 192
legal system in Australia 173, 174–7
  court jurisdictions 184–91
  principles 174–7
  role of courts 192–3
  who might be disadvantaged? 175
legislation 172
legislative power 204
liberal democracy 144, 146, 202
liberal democratic values in Australia 144
Liberal Party 150
live cattle export ban 187
living standards 82, 83, 84, 96–111, 200
  and climate change 108–9
  improving 104–7, 258, 261
  material/non-material 98
  variation between countries 100–1
loans 40
local citizens 141, 160
Local Court (in NSW) 184, 185
local governments/councils 147, 201
lower courts 184, 185, 188
lower house (House of Representatives) 147–8, 149, 207, 208
lower prices 114–15
luxury brands 116

M

Mabo, Eddie 219
Mabo decision and *Native Title Act* 219, 220
macroeconomic policy 104–6

magistrates 176
Magistrates' Court 181, 183, 184, 185
  in Victoria 188, 189, 190
Mandela, Nelson 164
manufacturing, employment in 62
market economy 18, 19
market segments 121
marketing 115, 120–1
marriage and divorce disputes 186
marriage laws 192–3
material living standards 98
measuring Australia's economic performance 80–95
media bias and voting 226–7, 228
media exposure 154
medically supervised injecting rooms, North Richmond 194–5
members of parliament 147
metaphor 158
microeconomic policy 107
migration 23
Migration Act 1958 205
Milan Direct 21
militia 238
Milo case 76
minerals 29
minimum wage 68, 70
mixed economy 18–19
models of the economy 21–3
modern awards 68, 69
monetary policy 106
money
  borrowing 40, 59
  investing 39, 44–6
  living without 17
  saving 22, 38–41
  spending 15, 42
Morrison, Scott/Morrison government 260
multicultural Australia 200, 230–1
multilateral treaties 264

N

national citizens 160
national defence 238
national identity 163, 238
national parliament, Indonesia 213
Nationals 150
native title 219, 220
natural resources 14, 101
negligence cases 182, 189
negligence laws 192
non-material living standards 98

O

OECD Better Life Index 98–9
office as social interactive environment 63
online sources, relevant 7, 135
online surveys, creating 232–3
opinion polls 152
opportunity cost 11, 15
Opposition 148, 154
oral reports 109
outsourcing 115
overseas sector 21, 22

P

P-plate driver case study 181
Paris Agreement 260
Parliament House, Canberra 147–8
parliaments 140, 144, 147–9, 172, 200, 206–11, 213
  differences from government 149
  role in law-making 172, 173, 192, 206, 207, 240
participation, measuring 86–7
party loyalty 154
peace and security, maintaining global 258–60
per annum 39
perceived value 115–16
personal identification number (PIN) 52, 53
personal investment goals 44–5
philanthropists 46
phone and internet banking fees 53
physical and mental health and well-being 62
plaintiff 182
planned economy 18, 19
pluralist society 140, 162
points of view
  alternative 195
  attitudes and values in sources 137, 138, 139, 263
political cartoons, analysing 158–9
political parties 147, 150–1, 198
  campaign strategies 155
  declining membership 151
  donations to 226
  forming government 152
  policies 151–2
political system in Australia 146–9
poverty, in Australia 102–3
precedent 192
preferential system of voting 156, 157
presumption of innocence 174
price changes, measuring 84–5
primary products 28
primary sources 8
Prime Minister 148, 210
principal (amount deposited) 40
producers 20
products 11, 15, 54, 114, 115
profit 20, 114
property investment 45
provincial government, Indonesia 213

Q

the Queen 147, 207, 210
Question Time (in parliament) 203
quota in a Senate election 157

R

racial discrimination 72, 162, 163, 265
Racial Discrimination Act, Section 18C 216
racism 161, 162
ratification 264
reasonable grounds for appeal 177
reasoning and decision making 10, 25, 48–9, 57, 77, 103, 118–19, 125
Rebel Wilson case 182
recessions 83, 105
reconciliation/reconciliation movement 220
referendums 219, 241–2
reflecting on the consequences of alternative actions 11
refugees 175, 267
refunds 54
regional citizens 141
relevant sources, finding 7–8, 67, 135–6
reliability of websites 7, 67, 136
representative democracy 144, 146
representative democratic republic 212
representative government 203
Reserve Bank of Australia (RBA) 106
residual powers 240
resources in the economy 14–15
responsible government 203
'return on investment' 45
revenue 20
right to appeal 177
right to a fair trial, and social media 178
right to protest 250
rights and freedoms of individuals 202
robots 87
royal assent 146, 200
Royal Commission into Aboriginal Deaths in Custody 220
Rudd, Kevin 220
rule of law 173, 258
rules 170, 171

S

same-sex marriage 193
sanctions 170, 181, 190
saving money 22, 38–41, 42
savings account 52
scams 50–1
Scamwatch website 50
Scanlon Foundation research on social cohesion in Australia 230–1
scarcity (of resources) 15
search engines 67
secondary sources 8
self-determination 220
Senate 141, 148–9, 186, 208–9
Senate election 156, 157
senators 149, 157
separation of powers 204–5
serious offences 189, 190
service sector 62, 79
sex discrimination 72
sexual harassment in the workplace 73
share market 44, 46, 48–9
shares 45
signatories 221
simple interest 40
skimming 53
small businesses 11, 106, 118–19
social and political change 164
social cohesion 200, 230–1
social media 74, 75, 178, 227
social media campaigns, power of 164
'soft skills' 65
  sources
  analysing 8, 33, 137–8, 158, 195, 217, 263
  assessing 7

finding relevant 7–8, 67, 135–6
points of view 137, 138, 139, 263
South Sudan, humanitarian assistance 259
spending 15, 42
Sri Lankan asylum seekers 195
state and territory courts 185
state and territory elections, voting in 156–7
state and territory government 201
state and territory parliaments 147, 206, 211
law-making 172, 192, 207, 240
statutes 172
statutory authorities 172
statutory interpretation 193
Stolen Generations, national apology to 220
subsidies 107
subsistence economy 17
Suharto, General Haji Muhammad 212
summary dismissal 74
summary offences 181, 188
superannuation 45
superior courts 184, 185
Supreme Court 181, 184, 185, 190–1
Supreme Court (Trial Division) 190–1
Supreme Court of Appeal 185, 186, 190, 191
surplus budget 104
surveys, conducting and presenting results 42
Sustainable Development Goals (2015–2030) 256–7
swearing case 77
symbolism 158

T

tables 33
tariffs 107, 238
task words, understanding 217
taxation 22
technology 23, 87
term deposits 45
Terra Nullius 219
Thunberg, Greta 164
timelines, creating 261
trade *see* international trade
trade liberalisation 107
traditional economy 17
transaction accounts 52
treaties 221, 264–5
trial 174

U

UN Framework Convention on Climate Change 260
unemployment 87, 88–9
unemployment rate 11, 86, 87, 90
unfair dismissal 74, 75, 76–7
unicameral parliament 206
United Nations Human Rights Council (UNHCR) 267, 268
United Nations (UN)
Australia's involvement with 221, 256–7
peacekeeping operations 258–9
role 256
Sustainable Development Goals (2015–2030) 256–7
Universal Declaration of Human Rights 221, 260
upper house (Senate) 148–9, 186, 207, 208–9
USA, Capitol riots 145

V

verdict 176–7, 178, 190
vested interests, influence of those with 226
Victoria Legal Aid 175
Victorian court hierarchy 188–91
volunteering in Australia 160–1
vote
consequences of failing to 156
enrolling to 155, 167
voter behaviour, factors influencing 154
votes, counting the 157
voting age 167
voting in a federal election 156–7

W

wage rates 68, 70
website reliability 7, 67, 136
wellbeing 9, 98
Westminster parliamentary system 206
White Australia Policy 220
Widodo, Joko 213
women
discrimination against 265
in the workforce 62
work environment, changing 60–78
workplace
bullying 74, 75
discrimination 72–3
responses to COVID-19 pandemic 62–3
sexual harassment 73
unfair dismissal 74–5, 76–7
writing, critical evaluation of information and ideas 179

Y

youth unemployment 88–9
Yudhoyono, Dr Susilo Bambang 213

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One of the key features of a democracy is that people have the right to publicly protest against things they disagree with or to demand change. In 2020, the death of Black American man George Floyd at the hands of a police officer sparked protests in the United States, as shown in this photograph. The protests spread across the world, including to Australia, where protesters demanded increased recognition, rights and living standards for Aboriginal and Torres Strait Islander peoples.

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