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joanne wilson | annie wilson

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# Using Oxford Big Ideas Economics and Business | Civics and Citizenship

Oxford Big Ideas Economics and Business | Civics and Citizenship 9 & 10 is a brand-new series developed and written to meet the requirements of the Australian Curriculum: Economics and Business and the Australian Curriculum: Civics and Citizenship across Years 9 and 10.

## Key features

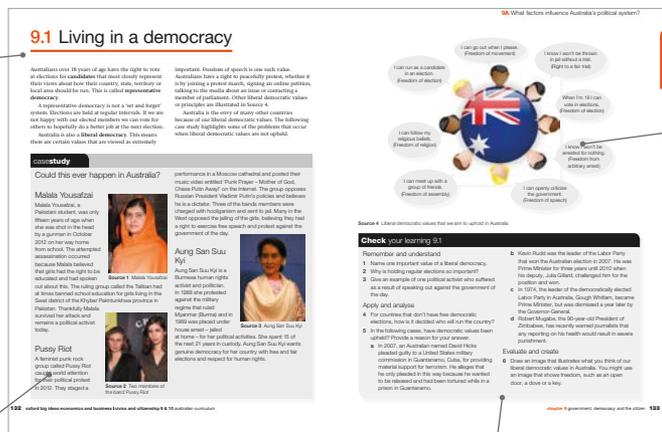
Each chapter of *Oxford Big Ideas Economics and Business | Civics and Citizenship* is structured around key inquiry questions from the Australian Curriculum: Economics and Business and the Australian Curriculum: Civics and Citizenship – supporting teachers and students as they implement an inquiry-based approach to these key learning areas.

The learning sequence in each chapter is clearly set out under key inquiry questions. Students are encouraged to use their prior knowledge and make predictions at the start of each new topic.



Stunning full-colour photography generates discussion and interest.

Each chapter of the Student book combines a range of engaging source materials – photographs, data tables, graphs and illustrations – all with supporting questions and activities.

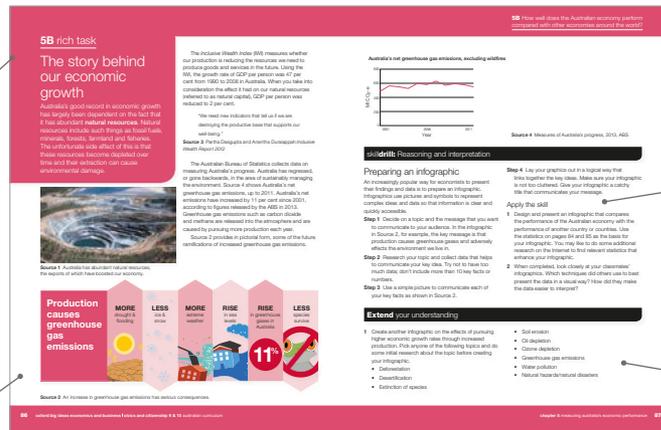


Source materials – such as photographs, infographics, political cartoons, graphs – simplify difficult concepts and engage reluctant learners.

Case study boxes are designed to link concepts from the Australian Curriculum directly to high-interest events and situations in the real world.

Check your learning activities accompany every unit, allowing students to consolidate and extend their understanding. These are graded according to Bloom's Taxonomy – catering for a range of abilities and learning styles.

**Rich task activities** encourage students to apply the knowledge and skills they have learned in each chapter to a new and interesting case study, event or issue.



**Skill drill activities** guide and support students step by step as they learn and apply key skills.

The process of inquiry, including all key skills, is clearly outlined in two stand-alone reference sections – 'The economics and business toolkit' and 'The civics and citizenship toolkit'. Skills are also integrated throughout the text in engaging rich task activities.

**Extend your understanding** activities challenge students to conduct further research, or complete group work, to deepen their understanding of an issue or skill being investigated.

## Digital support

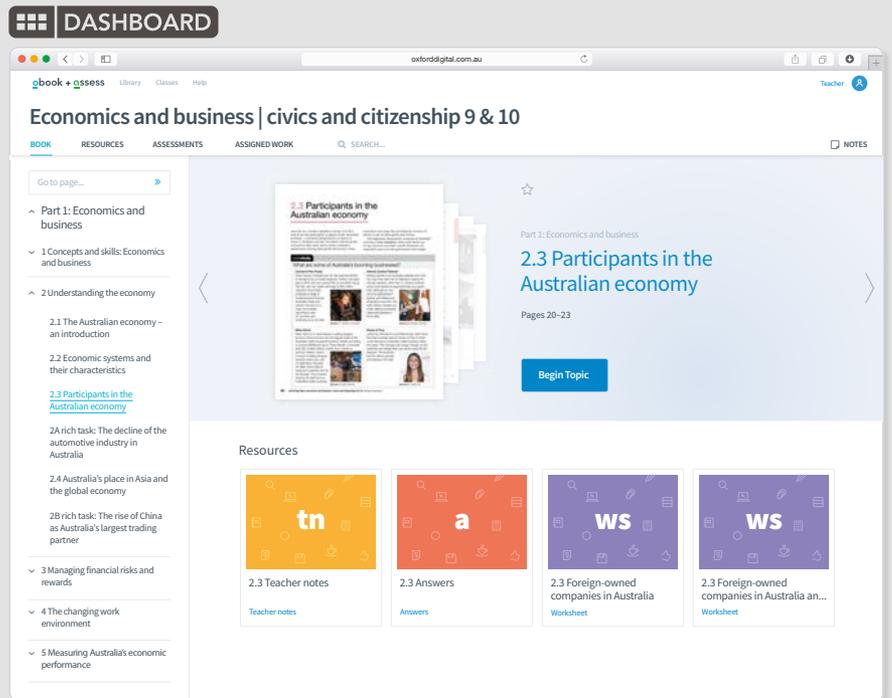
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# The economics and business toolkit

**Economics** – why is everyone so concerned about it? It is important because economics is about people producing goods and services to be consumed, used and shared. It is about maximising the goods and services that can be produced with a limited amount of resources.

More than 23 million people live in Australia, which amounts to a lot of production and consumption of goods and services. To coordinate and organise these processes we have an economic system that is modelled on how a market works.

The government and the Reserve Bank also have roles to play in managing the Australian economy.

At the heart of every economy is **business**. Business is about producing goods or providing services in exchange for money. In the 21st century, young people will need to adapt to change and seek new and innovative ways to do business in a global marketplace.



## 1A

What are the economics and business skills?



# chapter 1

**Source 1** The internet allows buyers and sellers to easily exchange goods and services on a global basis. It's an exciting time to be in business.

# 1.1 Economics and business skills

Economists use real-life case studies of the economy and business to generate questions, interpret information and argue their point of view. They also learn and experience how to investigate economic and business issues through simulations and enterprising activities. These experiences provide an opportunity for economists to be innovative, show leadership and demonstrate the ability to make wise business decisions.

Studying economics and business requires you to analyse information and ask a range of questions to find out more about a topic. You will learn to question and research information by asking what, why, when, who and how to uncover the truth about an issue. Your investigation may involve weighing up the costs and benefits of an economics or business proposal and making recommendations.

|   |   |
|---|---|
| <b>Ask questions and conduct research</b>                       | <ul style="list-style-type: none"><li>• Develop questions and hypotheses about an economic or business issue, then plan and conduct an investigation</li><li>• Gather relevant and reliable data and information from a range of sources</li></ul>  |
| <b>Interpret and analyse sources</b>                            | <ul style="list-style-type: none"><li>• Analyse data in different formats to explain cause-and-effect relationships, make predictions and illustrate alternative perspectives</li></ul>   |
| <b>Apply strategies to resolve economic and business issues</b> | <ul style="list-style-type: none"><li>• Generate a range of viable options in response to an economic or business issue, use cost-benefit analysis and appropriate criteria to recommend and justify a course of action and predict the potential consequences of the action</li><li>• Apply economics and business knowledge, skills and concepts in familiar, new and hypothetical situations</li></ul> |
| <b>Communicate your findings and reflect</b>                    | <ul style="list-style-type: none"><li>• Present arguments and evidence-based conclusions in a range of formats using economics and business conventions, language and concepts</li><li>• Reflect on the intended and unintended consequences of economic and business decisions</li></ul>   |

**Source 1** The four categories of skills used in economics and business inquiries



**Source 2** 'Learning on the job' provides great insights and opportunities for economists and economics and business students.

# 1.2 Ask questions and conduct research

## Develop questions and hypotheses about an economic or business issue, then plan and conduct an investigation

Economists ask lots of questions. They seek out economic and business cases and undertake an investigation to try to learn from and avoid mistakes made in the past. They also check facts and look at the arguments for and against a certain issue before reaching their own conclusions. When economists state their own viewpoint they support this with evidence such as statistics, cases from the past, quotes from what others have said and sound reasoning.



**Source 1** It is important as an economics and business student that you continue to ask in the classroom whenever you need more information.

### skilldrill: Reasoning and interpretation

#### Developing a hypothesis

Developing a hypothesis is a useful tool in economics and business. A hypothesis is a proposition that provides an explanation or reason why something has occurred or a problem exists. It can be likened to taking an 'educated guess' or prediction. In business, developing a hypothesis and testing whether it is true or not could mean that personal and financial loss is avoided. Here is an example of a hypothesis that could be tested.

'Youth unemployment is unacceptably high because of insufficient training and education programs.'

It may help you to write a hypothesis on an economic or business issue or event by remembering the 'If and then' model of hypothesis writing. For instance, 'IF the employer pays extra bonuses for good performance THEN his employees will work harder'.

**Step 1** Identify the question you are creating a hypothesis for.

**Step 2** Make an educated guess, using any available knowledge to provide a possible answer to the question.

**Step 3** Formulate the hypothesis so that it provides enough information to complete the sentence:

'IF \_\_\_\_\_ THEN \_\_\_\_\_.'

(You can then reword the hypothesis to make it read better if you need to.)

**Step 4** Test your hypothesis by using data and surveys, analysing any information about the topic and learning what experts in the field say about it.

#### Apply the skill

- 1 Janet plans to sell her unique brand of handmade knitted jumpers via her own website, which she intends to build herself. These jumpers are made from pure wool and are more expensive than other jumpers on the market. It takes Janet at least three days to make one jumper. Write a hypothesis about the likely success of Janet's business.
- 2 How could you test whether your hypothesis about Janet's business is likely to be correct?



**Source 2** Taking someone else's work in any form whether it is from a book or the Internet is a form of stealing called plagiarism that can result in serious consequences.

## Gather relevant and reliable data and information from a range of sources

Although books and newspapers are valuable sources of information, most research today is conducted online. In order 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 on these sites is not reliable and may contain inaccuracies, false and misleading information or material that is out of date. When using search engines, be sure to define your search using keywords. Your librarian is a good person to ask for help and information. Most schools will also have a website devoted to providing information about developing good research skills.
- 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 domain name in the URL (internet address).
- 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 or words and using them as if they were

your own is called plagiarism and can result in very serious consequences.

### Check your learning 1.2

#### Remember and understand

- 1 Why is it important for economists to ask a lot of questions?
- 2 How can economists ensure the sources they find online are reliable?

#### Apply and analyse

- 3 Develop a hypothesis to explain the following situations.
  - a In order to pay his business' bills, John has decided to pay his employees less. Not long after, many of his employees quit.
  - b Krupa owns an ice cream shop. During the summer months, business is good and she sells lots of ice cream, but during winter, not many people want to buy her ice cream.

#### Evaluate and create

- 4 Develop five questions that might help an economist investigate whether or not it is a good idea for Sandy to open a fish and chip shop in the main street of her town.

# 1.3 Interpret and analyse sources

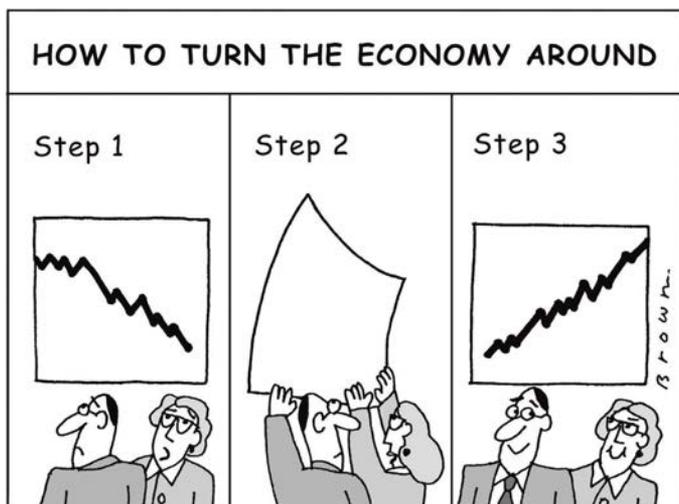
Analyse data in different formats to explain cause-and-effect relationships, make predictions and illustrate alternative perspectives

Economists 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.

In economics and business the answer to a question may not always be black or white but many shades of grey. This is because it is a subject area where there are many 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. Many issues require you to weigh up alternative perspectives, all of which may be valid.



**Source 2** Interviewing different people in your community, such as your friends, neighbours or local business people, about a problem can offer a variety of interpretations.



**Source 1** In economics there may be multiple perspectives on a certain issue or event. Sometimes, statistics can be illustrated to give the wrong impression.

## Check your learning 1.3

Remember and understand

- 1 Why is there often more than one answer to an economic question?
- 2 What sources of information can economists use to identify the cause of a problem?

Apply and analyse

- 3 Identify the cause and the effect for each of the following scenarios.
  - a A lot of people were angry when a concert featuring singer Sam Smith was cancelled.
  - b As the Zika virus spread around the world and more people became affected, the federal government decided to put more funding into researching a cure for the virus.
  - c Fewer people bought CDs after the first MP3 player was released.

# 1.4 Apply strategies to resolve economic and business issues

---

**Generate a range of viable options in response to an economic or business issue, use cost–benefit analysis and appropriate criteria to recommend and justify a course of action and predict the potential consequences of the action**

There's usually more than one way to solve an economic problem or find the right solution in business. Before examining possible options, you must first do some preliminary work to find out about the topic. Read widely, consult your textbook, conduct an internet search and find out what experts say about the issue or question you are examining. Write a summary and then refine these 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 do further research before deciding the best option.

**Apply economics and business knowledge, skills and concepts in familiar, new and hypothetical situations**

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 learned in class apply in real life.
- Observe the world around you. When you next go shopping think about some of the things you've 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 have learned into practice.

## Check your learning 1.4

Remember and understand

- 1 Why do you think it is important to find out about an issue before making a decision on how you will deal with it?
- 2 Name three ways you could apply your knowledge of economics and business to real-life situations.

Apply and analyse

- 3 Imagine you must choose how to spend the weekend. Conduct an analysis of the options below, based on your personal preferences, and decide which option is the best. Your analysis should take into account advantages and disadvantages for each option.
  - a bike riding
  - b watching a movie
  - c doing homework
  - d reading a book
  - e playing footy with your friends
  - f visiting your grandparents
  - g cleaning your room

# 1.5 Communicate your findings and reflect

## Present arguments and evidence-based conclusions in a range of formats using economics and business conventions, language and concepts

Just like in science, a common language is used in economics and business. Source 1 lists and defines some commonly used terms in economics and business; additional economics and business terms can also be found in the glossary at the end of this book.

## Reflect on the intended and unintended consequences of economic and business decisions

The decision to change a product, undertake a marketing campaign or change the price of a product or service 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. Business closure is certainly an unintended business outcome. Good business planning, research and reflecting on previous experiences can provide a valuable guide for future business success.

|                                     |   |
|-------------------------------------|---|
| <b>business</b>                     | Activity that involves producing goods or providing services in exchange for money  |
| <b>capitalism</b>                   | A set of economic and political ideas that states that private individuals should own productive resources such as land and capital from which they can earn profit |
| <b>Consumer Price Index (CPI)</b>   | A measurement of retail price changes of a constant basket of goods and services representative of what households in Australia spend                               |
| <b>cost–benefit analysis</b>        | Estimating what will need to be paid (costs) and possible profits (benefits) derived from a business proposal   |
| <b>economics</b>                    | The study of how people produce, consume and share wealth   |
| <b>Gross Domestic Product (GDP)</b> | The total market value of all goods and services produced within Australia in a given time frame  |
| <b>interest rates</b>               | 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                      |
| <b>investing</b>                    | Putting money into shares, property or other financial schemes in the hope of making a profit   |
| <b>opportunity cost</b>             | The cost of the next best alternative use of resources  |
| <b>unemployment rate</b>            | The percentage of people who are in the labour force who are unemployed. The labour force includes those who are employed and unemployed                            |

Source 1 Some useful economic and business terms

## Check your learning 1.5

### Remember and understand

- 1 Use your own words to define the following economics and business terms:
  - a business
  - b investing.
- 2 Why is it important to reflect on business decisions?

### Apply and analyse

- 3 Reflect on the following scenario and determine which decisions were good or bad economic decisions.

Elan and Judy open a small bakery together. They decide to rent a shop opposite a local primary school and develop a partnership with the school filling lunch orders. They have a big sign out the front of their bakery, but decide not to do any other advertising like dropping flyers in letterboxes or sponsoring the local netball team. Elan and Judy find most of their business comes from the primary school, but they don't get many other customers.

## YEAR 9 Unit 1 Economics and business knowledge and understanding

# Understanding the economy

At its most basic level, economics is the study of how people produce goods and provide services for other people to consume or use. More specifically, economics is about maximising the amount of 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. In Australia, we use a market capitalist system. Under this system, producers exchange goods and services with **consumers** in return for money.

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



## 2A

### How does the economy work?

- 1 Make a 'wish list' of all the items you would love to buy. Explain why most of us can't just buy everything we want. Why can't the economy produce everything that people wish to consume?
- 2 Have you ever purchased an item on sale? Why do you think the price of the item was reduced? Why is buying the sale item good for both the buyer and seller?

## 2B

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

- 1 Do you buy Nike runners or have an Apple iPad? These are imported goods. What other imported goods do you like to buy? Why?
- 2 Have you ever bought any of the items in Source 1? Many of these popular foods are produced by foreign-owned companies operating in Australia or are imported from overseas. Why might a country like Australia import food?



**Source 1** Today, many food products that were once made and sold in Australia by Australian companies are produced by multinational corporations. More than ever before, Australia is part of a global economy.

# 2.1 The Australian economy — an introduction

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

**Source 1** Quiz: 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 bumper crops. 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. Read the case study 'What do you spend your money on?' 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 therefore consumed, because resources (used to make goods and services) are limited. Choices must be made about how best to use limited resources.

## Resources in the economy

Natural resources, labour resources and capital resources are the ingredients used to make all goods and services (see Source 3). These resources are limited.

### casestudy

## What do you spend your money on?

How much money do you spend per week and what do you spend it on? According to market research company TRU, average spending per week ranged from \$56 for those aged 12 and 13 to \$192 for 18 and 19 year olds. Based on an online questionnaire, and using the answers of a sample of 810 young people, the study found that the most popular items to spend money on were clothes, transport, mobile phones, electronics and fast food. Favourite brands were Apple, Coca-Cola, Nike, McDonald's and Adidas.

Teenagers receive money from parents, part-time jobs, gifts and allowances. According to the Australian Bureau of Statistics (the ABS) a third of full-time

secondary school students had a part-time job.

Many teenagers now have the technology that allows businesses to market and advertise their products. Advertising through social networking sites and emails keep teenagers abreast of the latest consumer goods on the market. Video games have also become a popular marketing tool to reach teenagers.



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



**Natural resources** such as:

- milk
- wheat
- sugar
- eggs
- cocoa.



**Labour resources** such as:

- technicians
- marketing executives
- bakers
- sales representatives
- managers.



**Capital resources** such as:

- ovens
- mixers
- cooling conveyors
- packing machines
- factories and buildings
- trucks.



**Source 3** Resources used in the production of a chocolate biscuit

**Natural resources** are resources that come from nature, from above or below the ground. These can include coal extracted from the ground, fish 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 it be a store manager, bricklayer or nurse – are all classed as labour. **Capital resources** are man-made resources such as machinery, buildings, roads and bridges that are used to produce and transport the goods and services we purchase.

## How to deal with the problem of scarcity – opportunity cost

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 our limited resources. At an individual level, for example, purchasing a car worth \$20 000 means that person cannot 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 cost of the next best alternative use of resources.

### Check your learning 2.1

#### Remember and understand

- 1 Why are needs and wants unlimited and resources limited?
- 2 Complete the following table by giving examples of the different resources used to produce each of the goods or services listed.

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

#### Apply and analyse

- 3 Assume a farmer can grow either wheat or rice or both. The sale price of both crops is the same.

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

- a What production possibility (A, B, C or D) would give the farmer the best outcome?
- b What is the opportunity cost (the next best option) of the farmer producing 400 tonnes of wheat?

#### Evaluate and create

- 4 Do you think you spend more than your parents or carers did when they were teenagers? Why?

## 2.2 Economic systems and their characteristics

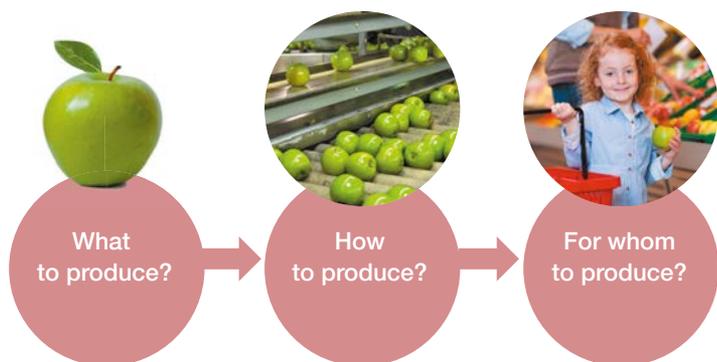
All countries use an economic system to ensure they use their scarce resources wisely. An economic system is a way of organising the production and distribution of goods and services. There are many different types of economic systems, but all of them must answer the three economic questions shown in Source 1.

Imagine you are stranded with your classmates on a remote island, completely cut off from the rest of the world (see Source 2). 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 decide 'for whom to produce?' Perhaps each classmate will be allocated the same amount of produce.

### Types of economic systems

There are different types of economic systems that answer the three basic economic questions in a different way. Before we discuss each type of economic system, it is important to understand that political beliefs influence the economic system chosen. In a capitalist economy there is a belief that resources (natural, labour and capital) used in production should be owned privately. Producers are motivated to provide goods and services for consumers with the aim of making a profit for themselves.



**Source 1** The three economic questions all economies must answer

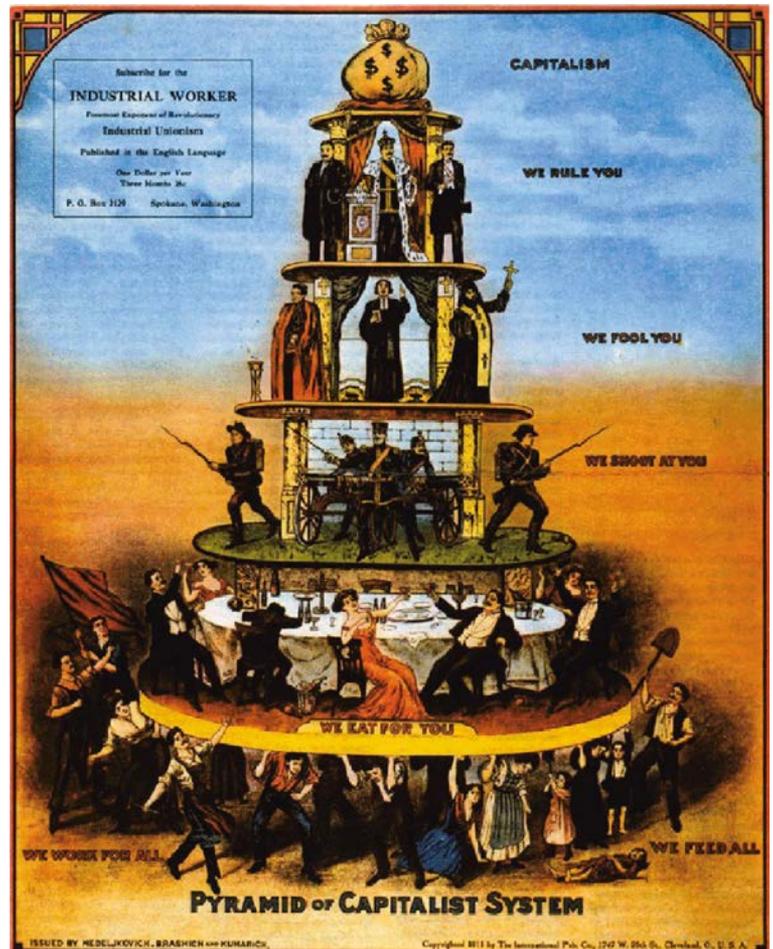


**Source 2** If you were stranded on a desert island with your classmates, how would you organise what had to be done?

In a socialist economic system, it is believed that social ownership of resources is much fairer. In many socialist economies, this has meant the government (referred to as 'the state') owns all the resources on behalf of the people. Karl Marx, who wrote *The Communist Manifesto* and *Das Kapital*, observed that workers were exploited in the capitalist system and would eventually revolt, overthrowing the rulers and creating a classless society (see Source 3).

## 1 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. Shelter is basic. Custom and religious beliefs may influence the question of 'how to produce'. Production is usually shared, solving the question of 'for whom to produce'. There are very few subsistence economies in existence. Some villages in rural Alaska are self-sufficient, with its inhabitants fishing and hunting for food. The following case study illustrates how one man in England opted for a subsistence lifestyle.



Source 3 An anti-capitalism poster printed in 1911

## casestudy

### Could you live without money?

Mark Boyle, pictured in Source 4, is also known as the 'moneyless man'. He embarked on a life without money in 2008. He now lives by growing his own food and foraging, scavenging and bartering.

Surviving has led to some creative thinking as 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 the UK, is one of a number of individuals who live without money. An

American man by the name of Daniel Suelo stopped using money in 2000 and currently lives in a cave in Utah.



Source 4 Mark Boyle lives without money. Could you?

## 2 Market capitalist economy

In a **market capitalist economy** such as Australia, producers exchange goods and services with consumers in return for money. This exchange takes place in a market, which may or may not be an actual physical space (see Source 5). Producers decide 'what to produce' based on what consumers want and the price they are willing to pay. 'How to produce' is solved by the producer choosing the most cost-effective method of production. The question of 'for whom to produce' is determined by who has the money to pay for the goods and services. The majority of productive resources (labour, natural and capital resources) are owned by individuals and firms. Most countries, including Australia, the United States, Germany, France, the UK, Malaysia and Japan, have adopted a market capitalist economy.

## 3 Planned capitalist economy

In a **planned capitalist economy**, individuals and firms own the productive resources but the government determines 'what to produce', 'how to produce' and 'for whom to produce'. This type of economy does not currently exist.

## 4 Market socialist economy

In a **market socialist economy** the three basic economic questions are answered in the same way as the market capitalist system, but productive resources in this type of economy are mostly owned by the government ('the state') on behalf of the people of the country. The former Socialist Federal Republic of Yugoslavia is considered to have had a market socialist economy.

## 5 Planned socialist economy

In a **planned socialist economy** it is the government that determines 'what to produce', 'how to produce' and 'for whom to produce'. It is called a planned economy because production takes place in line with the government's long- and short-term plans. The majority of productive resources are owned by 'the state'. In these economies the emphasis may not be on



**Source 5** In a market capitalist economy buyers and sellers come together in what is called a 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.

producing 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. North Korea has a planned socialist economic system. Many consumer goods in North Korea are in short supply and trade in illegal goods through the black market thrives.

## The tale of two cows

The tale of two cows is a simple and humorous story that is commonly used to explain how different economic and political systems work (see Source 6). Here we will use it as a tool to understand the main differences between the economic systems we have been learning about.



1

### Traditional or subsistence economy

#### You have two cows...

You milk the cow and make enough cheese for your own needs. This allows you to feed your own family.

2

### Market capitalist economy

#### You have two cows...

You sell the cows' milk and have enough money to buy a sheep. You sell the wool from the sheep to buy a chicken and then sell the eggs. You're getting rich, but some others in your community might be poor.

3

### Planned capitalist economy

#### You have two cows...

You continue to own the cows but the government tells you what to do. For example, they may want you to produce butter.

4

### Market socialist economy

#### You have two cows...

The government owns your cows but you decide what to produce (perhaps cheese), how to produce it and who you will sell your product to.

5

### Planned socialist economy

#### You have two cows...

The government takes your cows, sets up a dairy farm to produce milk and decides who the milk will be sold to.

Source 6 The tale of two cows – how different economic systems work

## Check your learning 2.2

### Remember and understand

- 1 What is an economic system?
- 2 Match the statements below to the correct economic system:
  - a Firms are told what to produce by the government who owns most of the productive resources.
  - b Workers produce what they need to survive and money is not used.
  - c This is a market economy in which productive resources are owned by the state.
  - d This is a market economy in which productive resources are largely owned by firms and individuals.
  - e There is no money, and people only produce enough to meet their own needs.

### Apply and analyse

- 3 Explain why very few subsistence economies exist today.
- 4 What are the advantages and disadvantages of living without money, as Mark Boyle does?
- 5 Look closely at the anti-capitalism poster (Source 3). What criticism is being made about the capitalist economic system?

### Evaluate and create

- 6 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. Why might there be a black market for items such as chocolate biscuits in North Korea?
- 7 Which type of economic system do you think is the best? Why?

## 2.3 Participants in the Australian economy

Australia has a market capitalist economy. Let's first look at two key participants or players in the Australian economy – consumers and producers, as shown in Source 5. 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 (by providing the resource of labour) to pay for these goods and services.

One important characteristic or feature of Australia's economy is **free enterprise**, where individuals can set up a **business** and make a profit. Businesses are expected to pay tax to the government and comply

### casestudy

#### What are some of Australia's booming businesses?

##### Carman's Fine Foods

When Carolyn Creswell was 18, she used her \$1000 in savings to buy a muesli business. Twenty-one years later in 2014, she was ranked 25th on the BRW Young Rich list, with her wealth estimated at \$83 million.

Carman's Fine Foods produces a range of muesli products that are Australian made and owned. Carman's is a major food retailer, exporting to over 32 countries and employing up to 20 staff.



Source 1 Carolyn Creswell

##### Adriano Zumbo Patisssier

Adriano Zumbo is an Australian patissier and chef. You may have seen him on television making his intricate desserts. After Year 10, Adriano finished school and started an apprenticeship as a pastry chef. Although he now owns six patisseries in Sydney and Melbourne, employing more than 100 staff, Adriano started out small, selling homemade cakes and pastries to local cafes.



Source 2 Adriano Zumbo

##### Milan Direct

Milan Direct is a market leader in selling designer furniture online and now has the biggest share of the Australian online household furniture market, according to a recent IBISWorld report. 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, with no retail store, has paid off. Milan Direct sells its furniture in Australia, the UK and Europe. The company employs 20 staff and is a multimillion dollar business.



Source 3 Dean Ramler

##### Shoes of Prey

Jodie Fox, Michael Fox and Mike Knapp didn't think that their business idea for Shoes of Prey in 2009 would become a multimillion dollar business within two years. The concept was unique, though, as the customer can design their own shoes using the 3D designer. The business has five offices globally and employs 150 staff.



Source 4 Jodie Fox

with regulations. Businesses similar to those in the case study 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. The individuals in the case study used their own resources to establish their businesses.

The Australian economy doesn't just consist of consumers and producers. The government and financial institutions also play an important role, as outlined in Source 5.

Economic decisions made by any of the participants in Source 5 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 in turn earn wages, and they will spend their earnings on more goods and services after they have paid tax to the government. Some of the wages earned will also be saved by financial institutions, which will then use those savings to lend to 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.

Australians buy imported goods and services from other countries 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 Unit 2.4 for more information on Australian trade).

## Australia and the global economy

Globalisation is a term you will have heard before, probably 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 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 – allowing us to quickly and efficiently communicate with potential customers all over the world
- migration – settlers come to live in Australia.

Australian businesses are crucial to the economy's success and 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.

|   |  |  |  |
|---|--|--|--|
|  <p><b>Consumers</b></p> <ul style="list-style-type: none"> <li>• buy goods and services</li> <li>• earn wages and salaries</li> <li>• pay taxes</li> <li>• receive government benefits</li> <li>• save</li> </ul> |  <p><b>Producers</b></p> <ul style="list-style-type: none"> <li>• produce goods and services</li> <li>• aim to make profit</li> <li>• pay wages</li> <li>• pay taxes</li> <li>• borrow money</li> <li>• import and export goods and services</li> </ul> |  <p><b>Government</b></p> <ul style="list-style-type: none"> <li>• charge taxes</li> <li>• pay wages</li> <li>• spend on goods and services</li> <li>• provide benefits, payments and services to Australians</li> <li>• borrow money</li> </ul> |  <p><b>Financial institutions</b></p> <ul style="list-style-type: none"> <li>• hold savings</li> <li>• lend money</li> <li>• aim to make a profit</li> <li>• pay taxes</li> </ul> |
|---|--|--|--|

**Source 5** Key participants in the economy are consumers, producers, the government and financial institutions.

## Where are your clothes made?

### The garment trade and sweatshops

It's highly likely the clothes you are wearing were not made in Australia. Have a look at the labels on your clothes and you might discover where they were made. Australian retailers such as Rivers, Coles, Target, Kmart and Cotton On order clothes from factories in Bangladesh. Bangladesh is one of the cheapest locations to make clothes, because wages are so low. Four million people work in the Bangladesh garment industry, typically working 12 hours per day. China, India and Cambodia also supply Australia with cheap clothing.

The global garment trade came under scrutiny and inspired protests (see Source 7) when more than 1100 people died in a garment sweatshop in Dhaka, Bangladesh, in 2013. This particular sweatshop was making clothes destined for the US and Europe. Building inspectors had requested the building be evacuated the day before it collapsed, but supervisors at the sweatshop declared it to be safe.

### Challenges for Australian fashion businesses

At the higher end of the fashion market, many Australian designers are struggling to keep their businesses afloat. Perth fashion designer Poppy Lissiman, for example, has put her fashion label on hold while investigating having her garments manufactured overseas to cut the costs of production.



**Source 6** Many Australian designers have their clothes made overseas.



**Source 7** An anti-sweatshop protest in Washington, D.C.

Fierce international competition has also led some designers to close their businesses. Smaller businesses in particular may struggle, as some large manufacturers overseas will only do business if the order is substantial. Online shopping has also had a significant impact on local fashion designers.

Some Australian fashion designers have managed international success, however. Australian fashion designers Peter Strateas and Mario-Luca Carlucci



launched their label during Paris Fashion Week. They bypassed Australia and went straight to the Paris catwalk with their striking designs, and now have 20 stockists around the world.

Source 6 shows how a dress might be made in various parts of the world – it's the process of globalisation in action.

## Check your learning 2.3

### Remember and understand

- 1 Imagine you set up a hairdressing salon.
  - a What service are you providing for the consumer?
  - b What does the consumer give you in return for cutting their hair?
  - c List some of the costs you incur as the owner of your hairdressing salon.
  - d In what ways does the government affect your hairdressing business?
  - e Why might you need the services of a financial institution such as a bank in running your business?
- 2 List the economic consequences of opening up a new restaurant in your area.
- 3 Explain what happens to the price of exports when the Australian dollar rises.
- 4 Explain why Australia is part of the global economy.

### Apply and analyse

- 5 In 2014 ALCOA (a metals and engineering company operating in 31 countries) closed its Point Henry aluminium smelter and two rolling mills. List the economic consequences of this decision in relation to:
  - a employment
  - b taxes
  - c government payments, such as unemployment benefits.
- 6 List five businesses that sell their products or services worldwide.
- 7 Would companies such as Milan Direct and Shoes of Prey have been successful if they had not sold their products overseas? Why/why not?
- 8 Take a few minutes to daydream.
  - 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 other products on the market?

## 2A rich task

# The decline of the automotive industry 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 (see Source 1). GM Holden boss Mike Devereux declared, 'As painful as it is to say, building cars in this country is just not sustainable.'

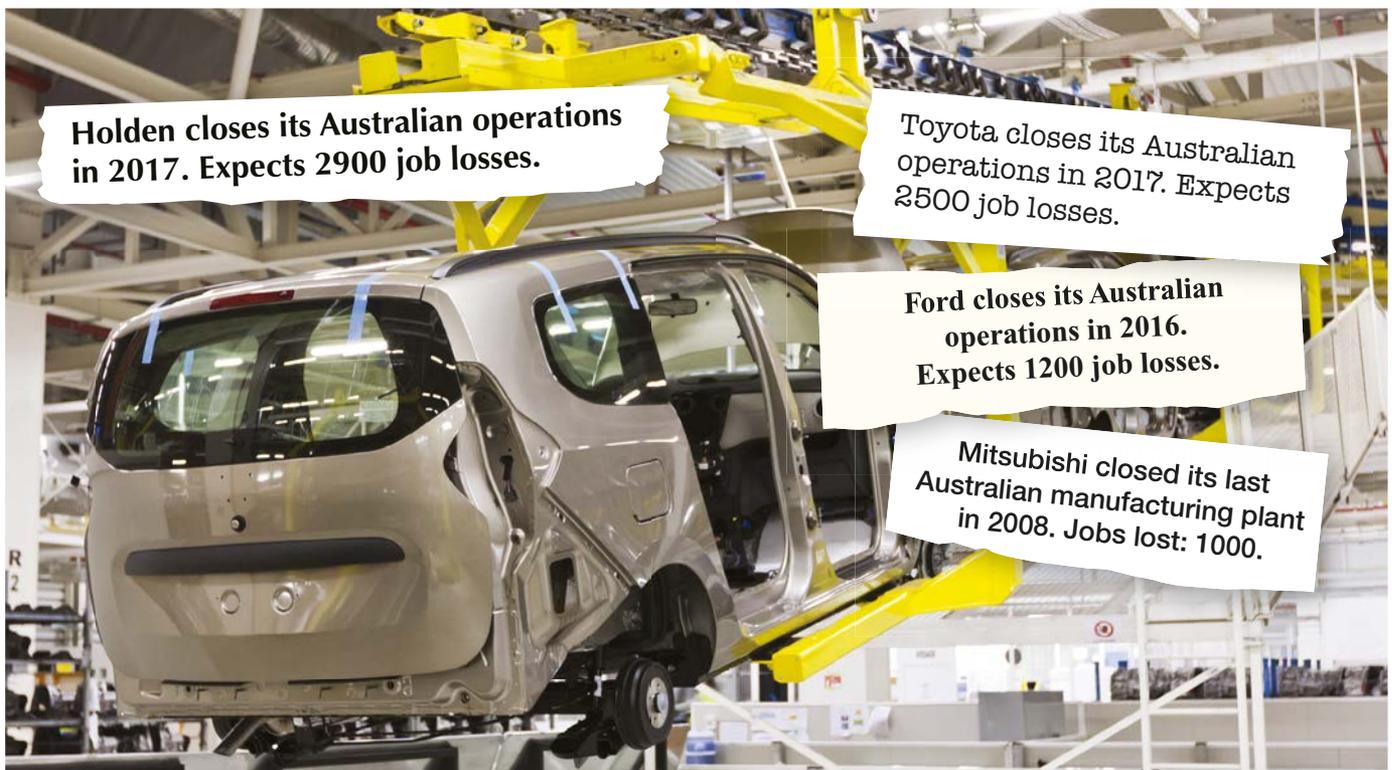
Reasons for the decline in the Australian automotive industry include:

- Pressure from imports. Australians now have 65 brands and 365 car models to choose from, making it 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 also sparked concern for those businesses supplying car parts. Lawyer Evan Stents, who specialises in the automotive industry, raised concerns about job losses in those businesses supplying car parts. In relation to Ford he said, '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 personal tale to tell. Fifty-five-year-old Moji Behbahani, who has worked for Ford for 23 years, described losing his job, his hands shaking.

'I have to work,' Mr Behbahani said. 'I have so many friends there, it is like a second family.'



Source 1 The end of car manufacturing in Australia.

**skilldrill:** Reasoning and interpretation

## 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 by the business decision. Brainstorm possible effects on each group.

### Apply the skill

Identify the consequences of cars not being made in Australia anymore.

- 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) and fill it out. Remember that the information provided will not provide all the answers; you will have to think about how the decision will affect certain groups yourself. The first answer has been done for you.

| Those affected by cars not being made in Australia | How groups/people will be affected by not making cars in Australia  |
|--|---|
| Car manufacturer                                   | <p>Their business will now survive and operations will continue in other countries where profit can be made.</p> <p>Car sales may decline in this country.</p> <p>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.</p> <p>The factory site will be sold and some of the proceeds returned to the company.</p> |

- 2 Write 2–3 paragraphs about the consequences of the decision to stop car manufacturing in Australia.

## Extend your understanding

Identify the consequences of the decision by the Victorian Liberal Government in 2014 to give SPC Ardmona \$22 million to ensure the company still continued its operations in Victoria.

- 1 Use the following table to help you identify who will be affected and how they will be affected by the decision. Search the Internet for more information – you can search using the keywords ‘Victorian Government’ and ‘SPC Ardmona’.

| Those affected by the government’s decision to save SPC Ardmona | How groups/people will be affected by keeping SPC Ardmona in Australia |
|---|--|
|   |  |

- 2 Write 2–3 paragraphs about the consequences of the Victorian Government’s decision to assist SPC Ardmona in Australia.

## 2.4 Australia's place in Asia and the global economy

Australia's economy is relatively small by global standards, representing around 2 per cent of the world's production. Nevertheless, international trade – buying from and selling goods and services to other countries – is important to us.

Australia is both an exporter and importer of goods and services. Exports are goods and services produced locally and sold overseas. Australia exports around one-fifth of what it produces. Examples of Australian exports include beef, wheat, pharmaceuticals, wine, beer, and education and travel services. Imports are goods and services produced overseas and sold to Australia. Australia imports the equivalent of around one-fifth of its production. Examples of goods and services imported by Australia include cars, computers, telecommunications equipment and personal travel services.

Australia has an abundance of natural resources such as coal, iron, copper, gold, natural gas, uranium and renewable energy sources (see Source 1). These types of natural resources are sometimes referred to as commodities. These natural resources have been in high demand by Asian countries, particularly China, for the manufacture of consumer goods sold around the world. China's recent economic slowdown has, however, resulted in falling commodity prices.



**Source 1** Australia is rich in natural resources such as gold, which we export to the world. Australia is one of the largest gold producers in the world.

Australia is not a large exporter by world standards (see Source 2). Trade with other nations is important, though, because:

- Australia earns money by exporting our goods and services
- international trade provides employment for both Australians and people overseas
- Australia can buy products it does not produce itself from other countries
- Australia can sell products that other countries need.

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 business or expanding their existing business operations in Australia. Chances are your favourite chocolate bar was made in Australia, but the company that produced it was the foreign-owned British company Cadbury.

### The top 30 exporting countries

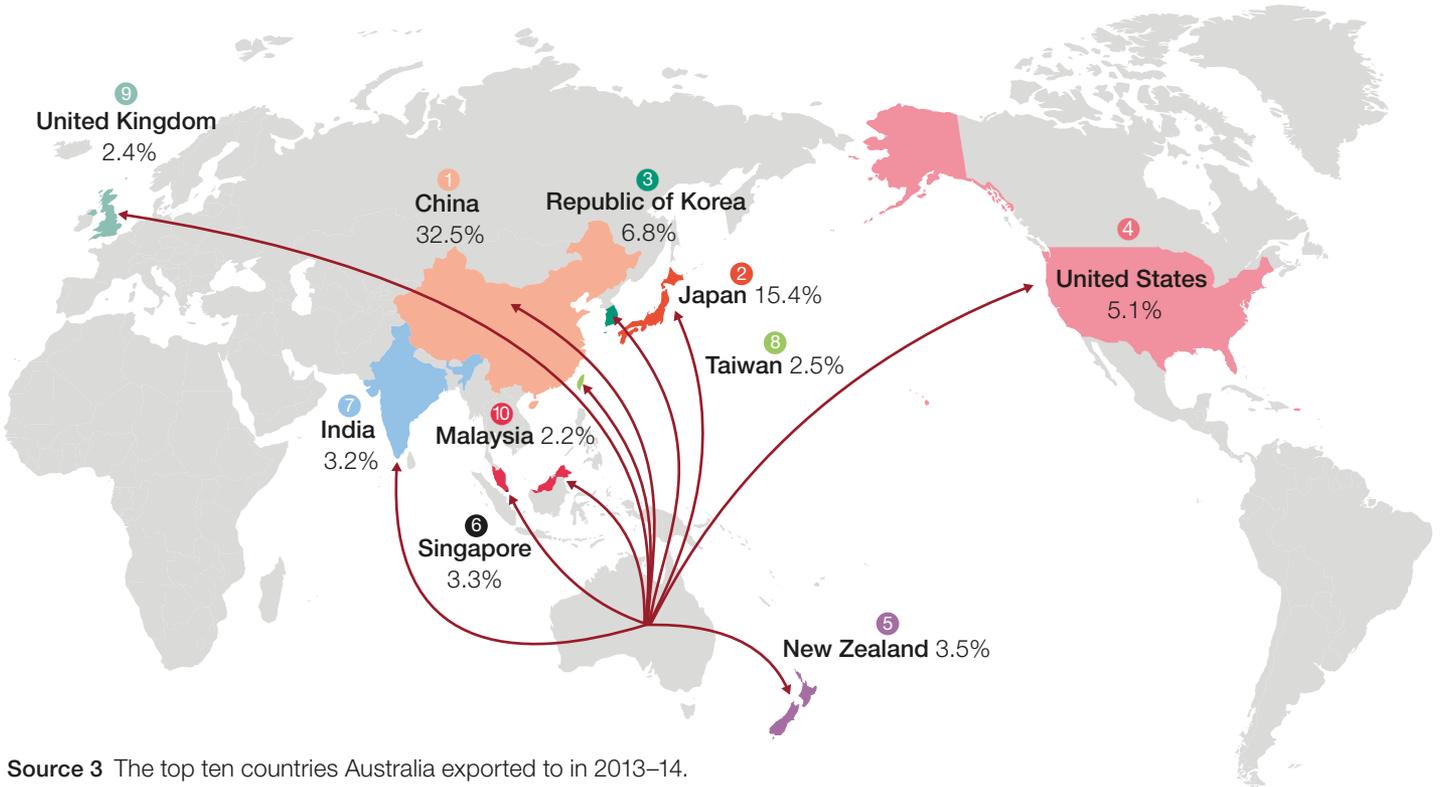
|    |                |    |                      |    |              |
|----|----------------|----|----------------------|----|--------------|
| 1  | China          | 11 | United Kingdom       | 21 | Switzerland  |
| 2  | European Union | 12 | Mexico               | 22 | Saudi Arabia |
| 3  | United States  | 13 | Canada               | 23 | Thailand     |
| 4  | Germany        | 14 | Singapore            | 24 | Malaysia     |
| 5  | Japan          | 15 | Russia               | 25 | Poland       |
| 6  | South Korea    | 16 | United Arab Emirates | 26 | Brazil       |
| 7  | France         | 17 | India                | 27 | Australia    |
| 8  | Hong Kong      | 18 | Taiwan               | 28 | Vietnam      |
| 9  | Netherlands    | 19 | Belgium              | 29 | Turkey       |
| 10 | Italy          | 20 | Spain                | 30 | Indonesia    |

**Source 2** This table, constructed using figures from the CIA World Factbook website, shows the ranking of countries according to the value of export goods in 2015.

## Australia's major trading partners

The United Kingdom was Australia's major trading partner in 1900, receiving nearly 60 per cent of all Australian exports. This was because Australia was once a British colony and had strong historical ties with

Britain. This strong relationship continued into the 1950s, seeing Australia trading mainly with the United Kingdom and other European countries. Since then, there has been quite a dramatic shift in the countries we predominantly trade with. As you can see in Source 3, the United Kingdom now only receives 2.4 per cent of our exports, while China receives almost a third of our exports of goods and services.



Source 3 The top ten countries Australia exported to in 2013–14.

## What Australia imports and exports

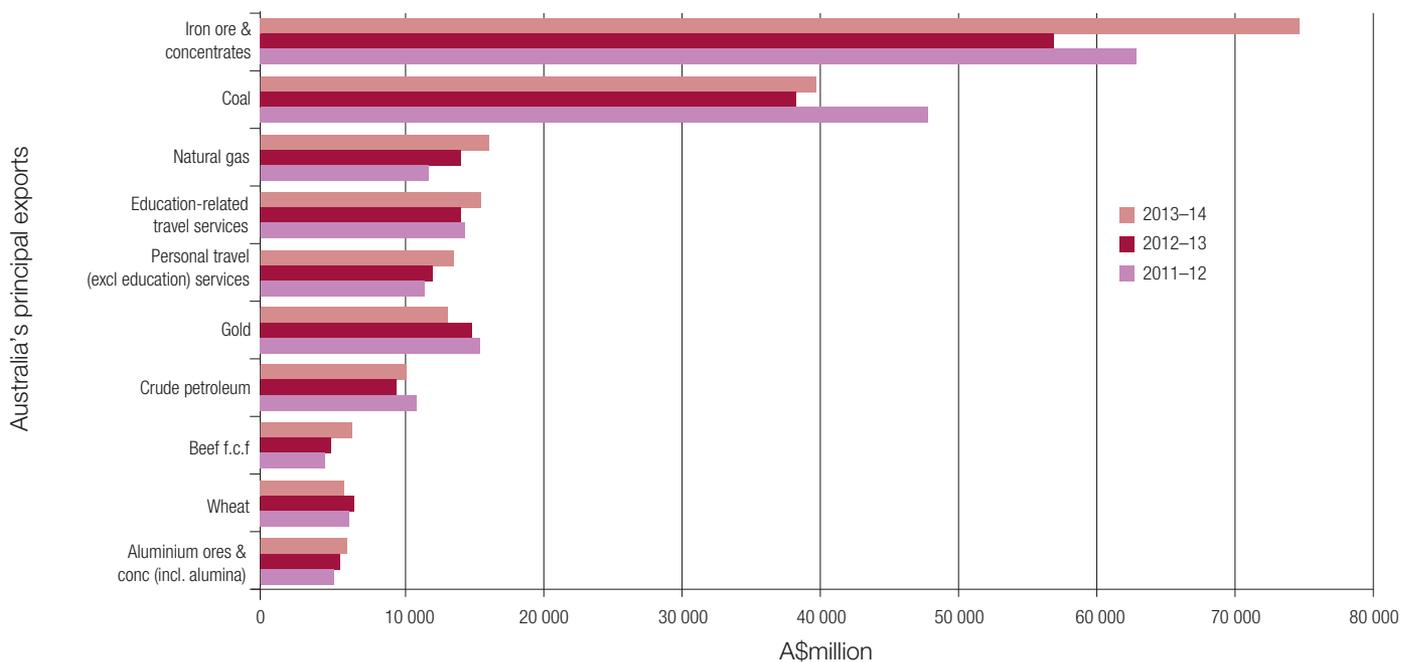
What Australia imports and exports is called the 'composition' of trade. Nearly 78 per cent of our exported goods in 2013–14 were in **primary products**. These are products that are produced from raw materials and are not manufactured. Nearly 16 per cent of our exported goods in 2013–14 were manufactured goods. Agriculture, fishing, mining, and forestry are examples of primary industries. Referring to Source 5, count how many of Australia's major exports are primary products.

Nearly 72 per cent of all the goods we imported in 2013–14 were manufactured products and just over 24 per cent of imports were primary products. Refer to Source 9 and count how many of Australia's major imports are primary products.



Source 4 Primary products make up nearly 78 per cent of Australia's exports.

Australia's principal exports 2011-14



Source 5 This chart shows Australia's principal exports. Iron ores and concentrates are Australia's largest individual export items.



Source 6 This iron ore mine in Kalgoorlie, Western Australia, is one of the largest artificial holes in the world. Iron ore and other mineral concentrates are by far Australia's largest export.



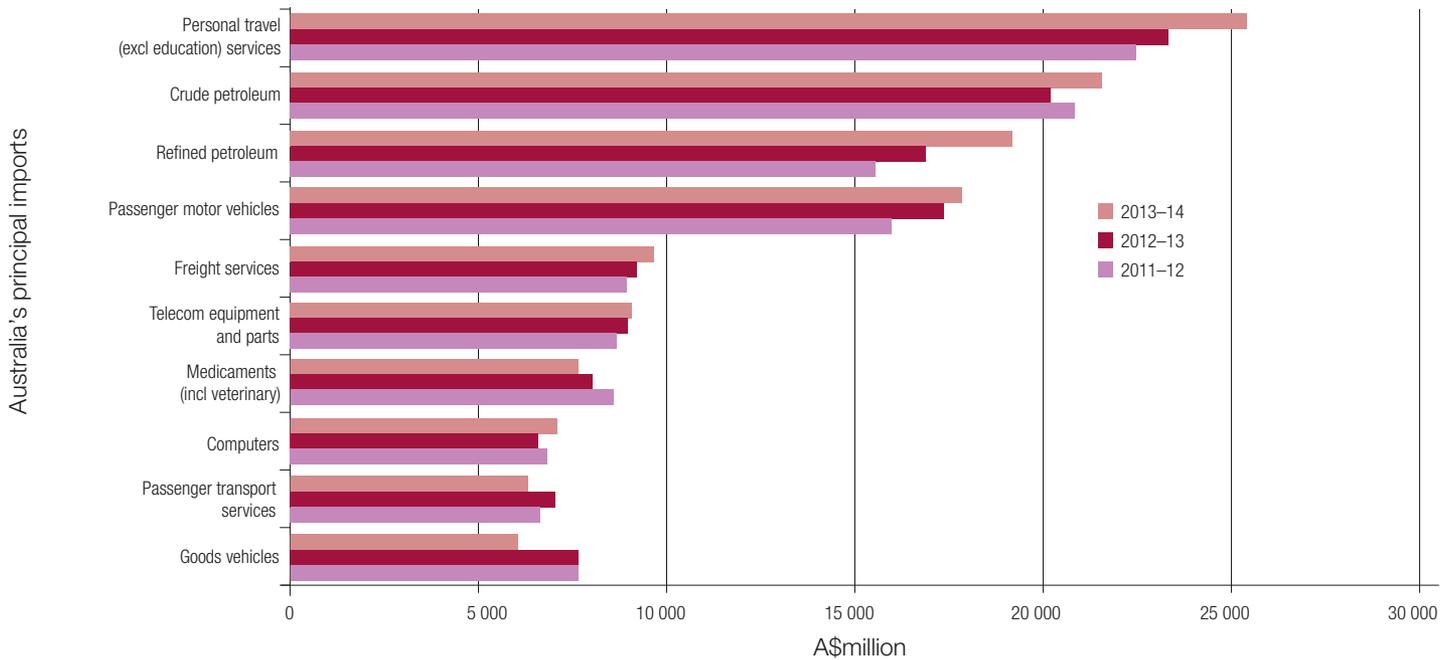
Source 7 A huge coal loader prepares shipments of Australian coal for export to China. Coal is Australia's second-largest export.



Source 8 In 2013-14, gold represented Australia's sixth-largest export.

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

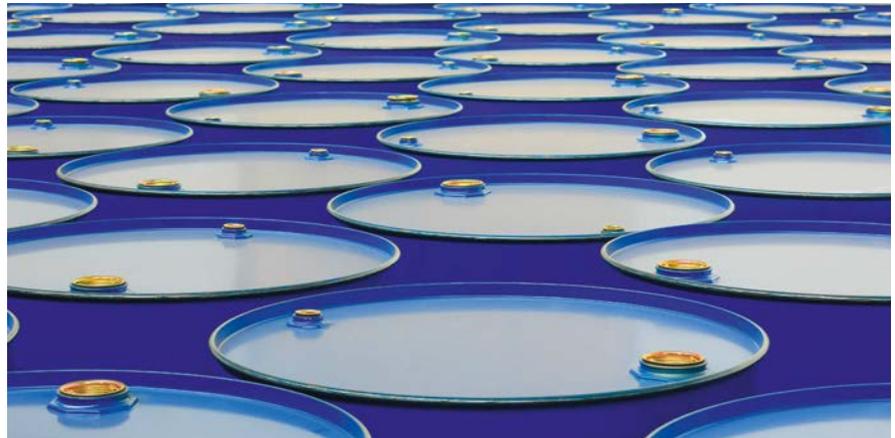
**Australia's principal imports 2011–14**



**Source 9** This chart shows Australia's principal imports. Many Australians travel. Our top import from 2010 to 2013–14 was personal travel services.



**Source 10** In 2013–14, Australians travelled overseas in record numbers. Personal travel services – that is, people travelling overseas for holidays – is Australia's largest import, with countries such as Indonesia, Thailand and the USA among the hottest destinations.



**Source 11** Crude petroleum, used to manufacture a range of products from petrol to plastics, is Australia's second-largest import.



**Source 12** Passenger vehicles manufactured overseas in countries such as Japan, Korea and Germany are Australia's fourth-largest import.

## How do you make a plane these days?

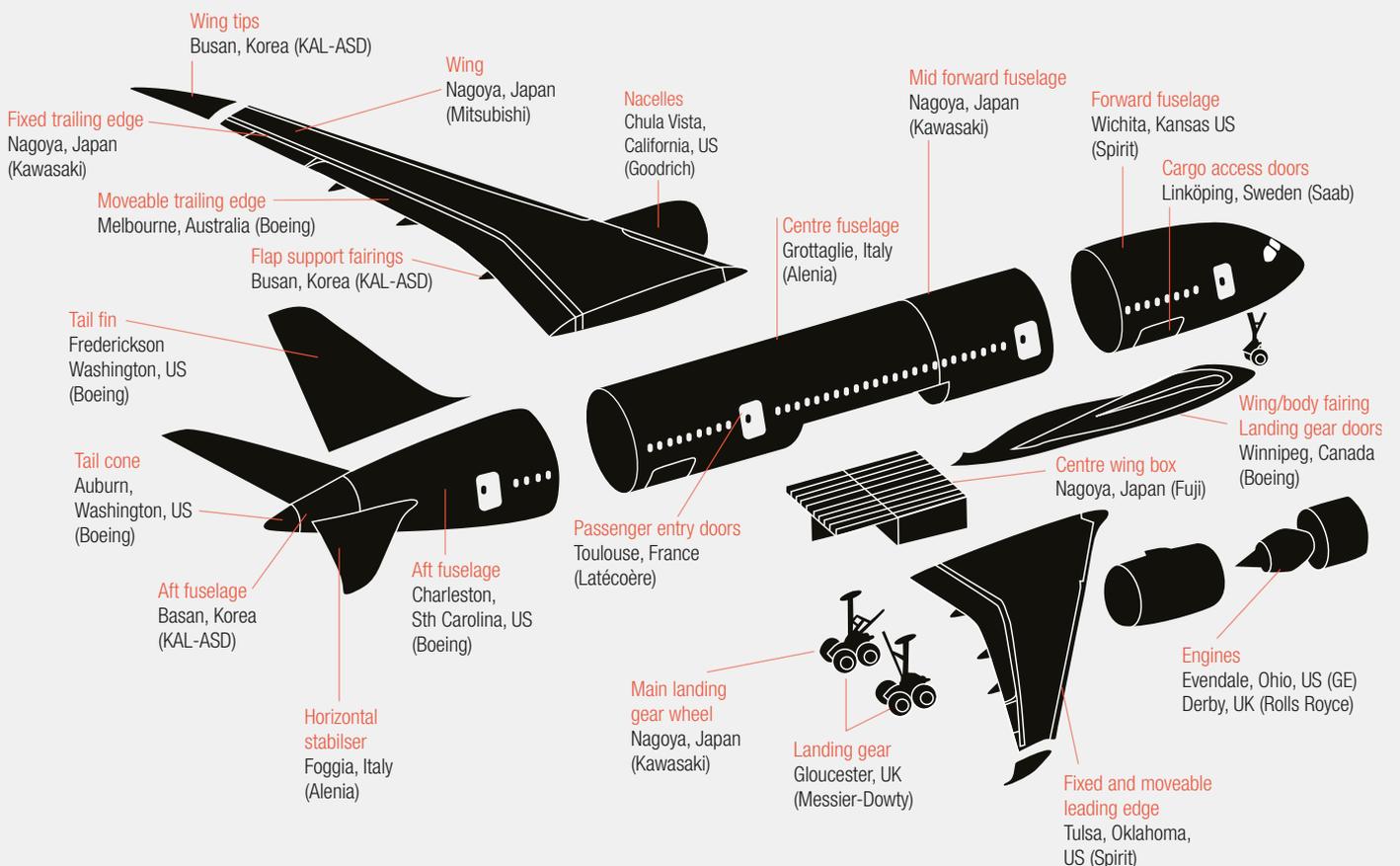
Soon there might have to be a label that reads 'Made in the world'. Products are increasingly being created internationally. A product may, for example, be designed, manufactured, assembled and marketed in several different countries.

The Boeing 787 Dreamliner is an example of a global product. Source 13 shows that the plane's parts or components are sourced from countries all over the world. Part of the plane's wing is designed and produced in Melbourne at Boeing Aerospace Australia. Assembly takes place in the United States.

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 most cheaply.



**Source 14** The Boeing 787 Dreamliner took to the skies for the first time on 15 December 2009.



**Source 13** Countries from all over the world work together to make the Boeing 787 Dreamliner.



Source 15 The cockpit of a Boeing 787 Dreamliner.



Source 16 The economy cabin of a Boeing 787 Dreamliner.

## Check your learning 2.4

### Remember and understand

- 1 What is the difference between an import and an export?
- 2 Which two countries receive the largest proportion of Australia's exports?
- 3 Describe the change in Australia's major trading partners from the 1950s to today.

### Apply and analyse

- 4 What type of products does Australia mostly export and why?
- 5 Why can trade with another country affect employment?

### Evaluate and create

- 6 The following is a list of the top ten countries Australia sourced its imports from in 2013–2014: Malaysia 3.8%, United States 12.2%, Japan 6.3%, Singapore 5.5%, Thailand 3.9%, China 15.4%, Germany 4.1%, United Kingdom 3.7%, New Zealand 3.3%, Republic of Korea 3.6%
  - a Rank the countries in order from one to ten. Number one ranking is 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 ten countries we import from.
- 7 Describe Australia's place in the global economy in relation to the following:
  - a our world ranking as an exporter
  - b the total percentage of world exports Australia produces
  - c the total percentage of world production Australia is responsible for.
- 8 Go to the Department of Foreign Affairs and Trade website and select the 'Countries and regions' section. 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 between the countries
  - c the total value of our exports and imports with this country
  - d our trade relations and trading history with the country.

## 2B rich task

# The rise of China as 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. When the agreement is fully implemented, 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.

Since 1979, China's economy has grown very rapidly. It is estimated that this growth has helped around 500 million people in China to move out of extreme poverty. This growth has led to higher living standards and increasing urbanisation, as people move from farms to large cities to live and work. China is now the second-largest economy in the world behind the United States.

Major Australian exports to China include iron ores and minerals, coal, gold and crude petroleum. These exports are needed for China's huge manufacturing industries, which produce consumer goods sold throughout the world. Major Chinese imports into Australia include telecommunications equipment and parts, clothing, computers, furniture, mattresses and homewares.

In the Australian business news we hear daily reports about how the Chinese economy is performing. 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. Also, as incomes in China grow, there may be increasing demand for Australian food products, manufactured products requiring skilled creation and assembly, and services.

**Source 1** The value of Australia's imports and exports with China, between 2009 and 2013

**Australia's goods and services trade with China (A\$ millions)**

|  | 2009   | 2010   | 2011   | 2012   | 2013    |
|--|--------|--------|--------|--------|---------|
| Total exports from Australia to China (A\$ millions) | 47 763 | 64 304 | 77 596 | 79 260 | 101 590 |
| Total imports from China to Australia (A\$ millions) | 37 399 | 41 029 | 44 030 | 46 402 | 49 329  |



**Source 2** China is now Australia's major trading partner. In 2013 we exported 28.1 per cent of our total exports to China and imported 14.5 per cent of our total imports from them.

**skilldrill: Reasoning and interpretation**

## 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 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 row in Source 1 tells us that the data is annual data. The second row of column 1 tells us that the data contained in each square or cell is the value of total exports in millions of Australian dollars, while the third row details total imports. Read across to the year 2009 and then down to the next row to see the value of total exports from Australia to China for that year (A\$47 763 000 000, or more than 47 billion!).

**Step 2** Now 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 have increased over the last five years to 2013. 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 chart 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.

### Apply the skill

- 1 Interpret the table in Source 1 and describe the change in Australia's total exports to China in the five years to 2013. Provide an Excel chart with your description.

**Choose chart**

|  | 2009   | 2010   | 2011   | 2012   | 2013    |
|--|--------|--------|--------|--------|---------|
| <b>Total exports from Australia to China</b> | 47,763 | 64,304 | 77,596 | 79,260 | 101,590 |

Source 3 How to create a simple chart in Excel

## Extend your understanding

- 1 Compare imports and exports in the year 2013. 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.

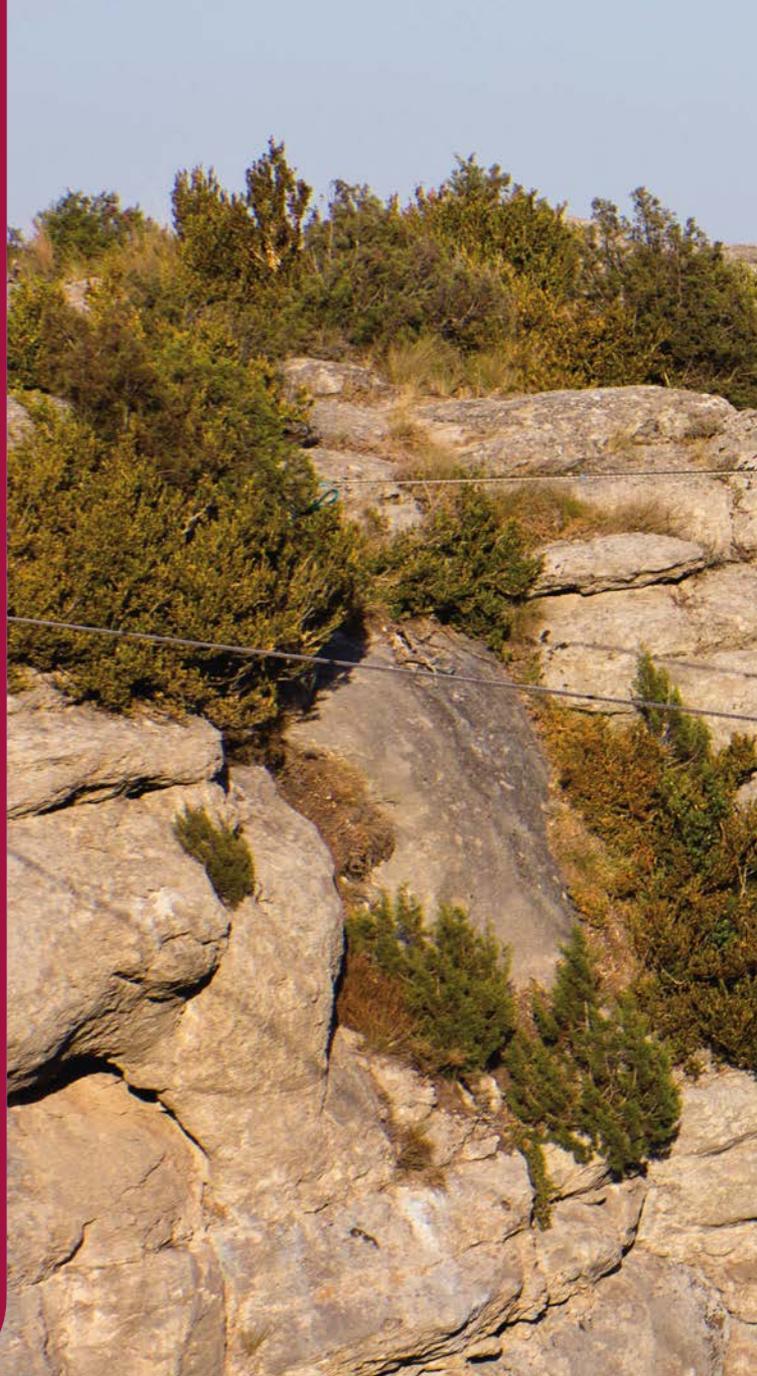
## YEAR 9 Unit 2 Consumer and financial literacy

# Managing financial risks and rewards

This man is practising an extreme balancing sport known as highlining. Managing your finances can be like walking on a tightrope – both exciting and risky at the same time.

Sometimes, we can spend or borrow too much money or make risky investment decisions in the hope that we will secure our financial future. Other times, we can be tricked by scammers who set traps to steal our money or encourage us to invest in bad business opportunities.

Thankfully, people can protect themselves from financial risk. Knowing how to save and invest properly can provide financial rewards that will keep you balanced and safe on that tightrope. Knowledge of scammers who try to throw you off balance can also protect you from a financial fall.



## 3A

How can I save more and spend less?

- 1 Do you save more money than you spend, or is it often the other way around? Are your family and friends like you? Why do you think people are different in this way?
- 2 If you bought a car, would you expect to eventually sell it at a higher price? Why or why not? What factors do you think might affect the sale price?

## 3B

What strategies can be used to increase financial rewards?

- 1 Some people lose money on their investments. Would you be willing to trade greater risk for the chance of higher returns on your investment?
- 2 Why do you think people invest in real estate? What risks could be associated with buying property as an investment?



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

## 3C

How can individuals safeguard against financial risk?

- 1 Have you, or someone you know, ever lost money because of a financial scam?
- 2 What things can you do to protect yourself against not having enough money in the future?

# 3.1 Saving

Put simply, saving means putting money aside to spend at a later date. Some of us are better savers than others. Complete 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.

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

- 1 **Earn** more – you may have a casual job, so it is likely you will be able to save some of the money you earn, even if it is just a small amount. You could also earn more through investing your money (see page 42).
- 2 **Spend** less – give yourself a 'financial check-up' by monitoring what you spend your money on. Identify areas where you might be wasting money and hold off buying items you can easily live without.

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

| Quick quiz: Are you a good saver?  | Yes (✓) | No (✗) |
|--|---------|--------|
| 1 Have you ever saved to buy something you really wanted but couldn't afford straight away?                            |         |        |
| 2 Before you spend money on something, do you ask yourself whether you really need it or not?                          |         |        |
| 3 Have you thought about doing extra work like babysitting, walking dogs or delivering papers to earn some extra cash? |         |        |
| 4 Have you considered ways your family could save money on things such as energy bills, food or clothing?              |         |        |

## casestudy

### Is it really a bargain?

If you love going to sales, those bargains paid for by credit card might be quite expensive, especially if you cannot quickly pay your credit debt. Recent Reserve Bank figures show that Australians owed \$51.07 billion on credit cards. Credit card holders are wise to pay the balance on their credit card each month to avoid paying interest. It's advisable to reduce spending if monthly repayments cannot be made.

Even if you pay the minimum monthly credit card repayment you will most likely be paying a considerable amount in interest. The MoneySmart website has a credit card calculator that allows you to calculate how much interest you would pay if you only pay the minimum monthly repayments. Based on an 18-per-cent **interest rate** it would take 33 years to pay a \$5000 credit card debt off. The interest you would repay on this debt would be \$12 181.

Financial commentator Paul Clitheroe comments that getting into debt is more about spending too much. He says, '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.'



**Source 2** Getting into debt can become hard to beat. It's like a cat chasing its tail, running around in circles and never quite getting anywhere.



**Source 3** Many people save in case of an emergency. Having money ready in case of an emergency for car repairs, medical expenses or the prospect of losing a job can ease the burden. Other reasons for saving include education, holidays, large purchases such as a family home, or retirement.

**casestudy**

Where is the best place to keep my life savings?

Some people keep their savings at home in what they consider to be a safe place – perhaps under the mattress or even buried in the backyard. One Californian couple recently reaped the rewards of this practice when they came across some rusty cans containing gold coins worth ten million dollars. The cans were buried under an old tree on their property.

Those who keep their money at home, however, risk losing it. A Chinese couple recently found their four year-old son had ripped up their savings for a house **deposit**. Their little boy was regularly in the habit of ripping up books – a habit they thought was harmless until he destroyed their life savings.

In another alarming incident in Tel Aviv, Israel, a daughter surprised her mother with a new mattress, only to find out her mother’s life savings was hidden in the old one she had thrown away!

It’s not advisable to keep savings at home for another reason – it will be earning no **interest**. Money kept at home will also lose value over time because of rising prices. For example, the same basket of items

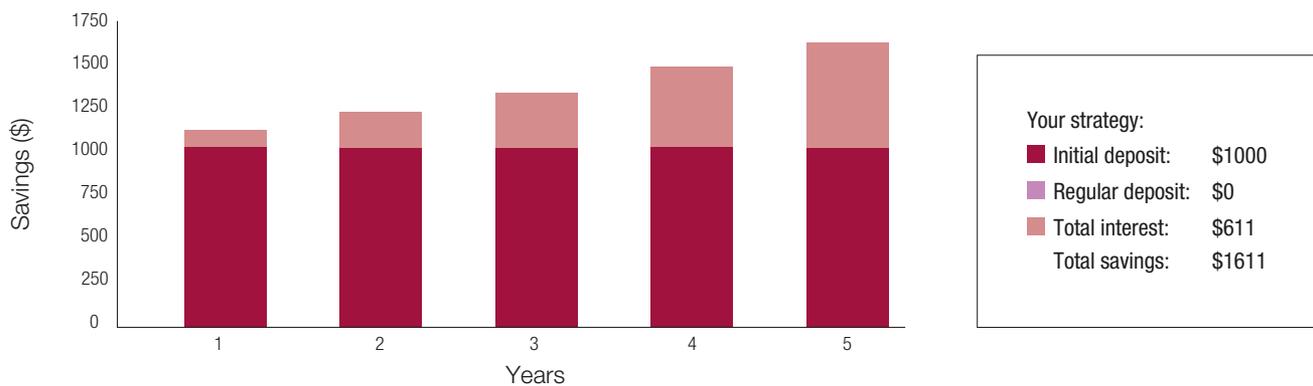
valued at \$4000 in 2009 would cost \$4612.58 in 2015, because prices on average rose by 2.6 per cent per annum over this period. Theft or fire could also destroy savings kept at home.



**Source 4** A couple in California found rusty cans buried in their backyard that contained gold coins worth millions of dollars.



**Source 5** Banks, credit unions and building societies make money from taking deposits and then lending these deposits and charging interest.



**Source 6** This diagram was created using the compound interest calculator on the MoneySmart website. A five-year investment of \$1000 using compound interest will earn an extra \$611.

## 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 interest

Saving is not enough on its own. When we put aside money for future use we must decide where we are going to 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 an additional sum of money, called interest. The amount of interest you earn depends on the amount deposited, 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. This is how to calculate **simple interest**:

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

**Compound interest** is interest added to the principal. This amount is then used to calculate interest. For example, if compound interest is calculated on a deposit of \$1000 for two years at 10 per cent, \$100 interest would be earned in the first year. Then, in the second year, the interest rate would be calculated on \$1100, giving a total of \$1210. Source 6 shows the compounding interest over a five-year period using the MoneySmart website compounding interest calculator. Which would you rather – simple or compound interest?

## Check your learning 3.1

Remember and understand

- 1 Draw a flow diagram illustrating how a savings goal is set.
- 2 What are the two ways of increasing money available for saving?
- 3 You deposit \$5000 in the bank at an interest rate of ten per cent per annum for two years. Calculate the:
  - a simple interest
  - b compound interest.
- 4 What determines the amount of interest earned from a bank deposit?
- 5 List at least four reasons people might want to save money.

Apply and analyse

- 6 Why do you think some people keep their savings hidden at home?
- 7 Explain how keeping large amounts of savings at home may in fact reduce what can be purchased with that money in the future.

Evaluate and create

- 8 Brainstorm ways you and your family could save money using the following table as a guide. Some ideas have been added to help you get started.

| 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. |
|                |                              |                            |                 |                                    |  |
|                |                              |                            |                 |                                    |  |

- 9 Go to the MoneySmart website and read about the simple ways to save money. Decide which of these suggestions may be helpful for you and your family, and add them to your table.
- 10 What do the following sayings mean? Write a short paragraph on each, explaining whether you think the saying is relevant to you and your spending habits.
  - a 'A penny saved is a penny earned.'
  - b 'Beware of little expenses. A small leak will sink a great ship.'
- 11 Identify an item you would like to buy, such as a new phone, and explain why it might be better to save up for it, rather than just borrowing the money to purchase it immediately.



**Source 7** Some people are able to spend less and save more when they don't have a credit card.

## 3A rich task

# Am I spending too much?

Reducing your spending is one simple way to increase your savings. Australians are a nation of spenders and our credit card **debt** is growing. The average debt per credit card holder in Australia is around \$3200.

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 we are probably all 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. Here are reasons some people spend:

- 1 Marketing and advertising** – Clever marketing convinces us we need a range of different items.
- 2 Keeping up with the Joneses** – It's human nature to want to have what others have.
- 3 Social power and prestige** – Cars, clothes, holidays and houses can all contribute to our social and economic status in society.
- 4 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).
- 5 Impulse buying** – Some people see something they love and make a quick purchase without really thinking about whether they can afford it.
- 6 The pursuit of happiness** – Some people think that the more they buy, the happier they will be.



### skilldrill: Reasoning and interpretation

## 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 too, 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 Internet shopping, and you may want information on how often people shop online.

**Step 3** Decide what people you will survey. You will need to talk to at least 10 people to get data you can report on. Make sure that you have enough forms for all of the people you intend to survey. 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 are geared to find out the information you want. Make sure they are clearly worded and cannot be misinterpreted by people completing the survey. Ask a friend to read over your questions if you are uncertain.

**Step 6** Conduct your survey. Ask the questions and fill in the forms yourself, or you can get your participants to fill them in. Make sure the responses have been entered correctly and that you have accurate records.

**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 like the one shown in Source 1.

**Source 1** Data can be presented in a visual format like a table so the researcher can access information quickly and easily.

| How often do 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            |

**Step 8** Present your survey results in a way that make them easy to understand. Rather than a lot of numbers and writing, use graphs. Make sure you clearly label each graph with the question you asked. Below each graph write a short summary of the results.

## Apply the skill

- 1 Design and complete a survey about the ways in which people in your class and members of your family shop on the Internet. 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 like:

Do you shop online?

Yes

No

If yes, how many hours a week would you spend browsing online stores?

0–2 hours

2–6 hours

6–10 hours

10 hours or more

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



**Source 2** Reserve Bank figures released in 2015 showed that Australians owed \$51.07 billion on credit cards compared to \$49.9 billion at the same time the previous year.

## 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 you used the internet for shopping purposes.
- 2 Present the results of your study to the class. Use your table or graph from the previous question as a visual aid, and talk through 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.

# 3.2 Investing

Investing is the process of putting money into a business or commercial venture (like **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 your risk profile

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 **sharemarket** or in property is considered to carry a higher risk. Higher investment risks often come with the potential to earn higher rewards, but there is also the risk for higher losses.



Source 2 Investing can help to achieve personal goals



Source 1 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.

Each individual has to decide the level of financial risk they are willing to take (see Source 1).

Another factor when considering risk is the timeframe 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 timeframe, 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.

## 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, and some may choose to invest in a managed fund. Money from investors is pooled together and an investment manager decides where the money will be invested. 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 the 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.

### Interest-earning investments



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



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



**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



**Superannuation** is a method of saving for retirement. Employers contribute to their employees’ super funds, and personal contributions can also be made to a super fund. For most people, superannuation is taxed at a lower rate than other non-super investments.

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

## case study

### Are you interested in making money from investing?

Warren Buffett is an American investor and businessman who is consistently ranked amongst the world's wealthiest people. Buffett is also a **philanthropist** who has pledged 99 per cent of his wealth to charity.

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 after. However, he waited till the same shares reached \$40 and then sold them. Buffett learned 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 sharemarket.

#### 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

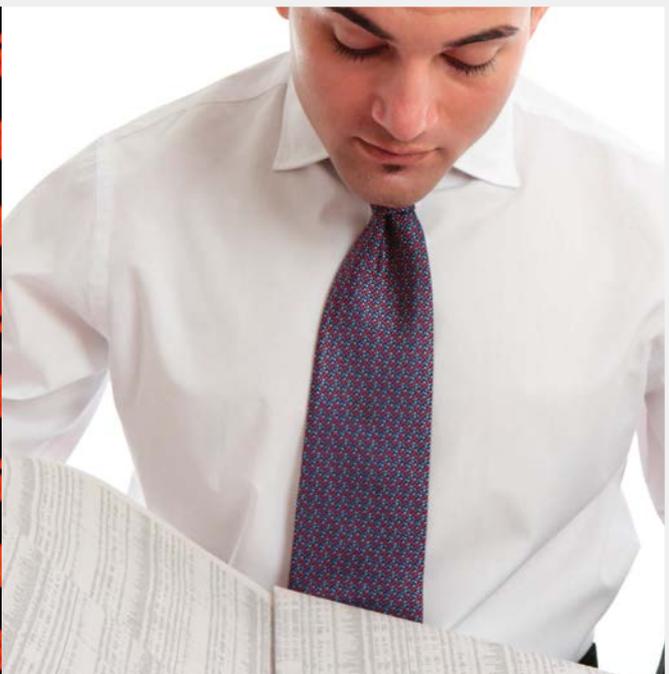
'Investment must be rational; if you can't understand it, don't do it.'



Source 5 Warren Buffett



Source 4 Investing in the sharemarket can be nerve-racking!



## Check your learning 3.2

### Remember and understand

- 1 Finish the following sentence:  
Investments with the potential to grow dramatically also mean there is potential to \_\_\_\_\_ a significant amount of money.
- 2 What are the two monetary benefits that can be gained from:
  - a buying a property
  - b buying shares?
- 3 What is the purpose of superannuation as an investment?

### Apply and analyse

- 4 Assess whether the following investors are risk-tolerant or not.
  - a Janette has \$100 000 to invest but the thought of losing any of it means she can't even sleep at night.
  - b Julian wants to make a reasonable amount of money from his investments and is not overly concerned if his 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 Why do you think it is important to have a basic understanding of a company you decide to buy shares in?
- 6 According to Warren Buffett, what personal characteristics do you need to be an effective sharemarket investor?

### Evaluate and create

- 7 Make 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 starting saving for this until you are in your early 20s.
- 8 Check 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 find out how long it will take to reach your goal if you invest in an interest-earning investment.
- 9 Read each of the following quotes and explain 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

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

## 3B rich task

# Playing the sharemarket

The sharemarket is like any other market where goods are bought and sold at a certain price. In a sharemarket, 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 sharemarket. 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. A stockbroker can buy and sell shares through ASX on your behalf for a fee. This is called brokerage.

Share investors hope that their shares increase in value. The company may also pay a dividend, a payment made if the company makes a profit.

There is risk associated with investing in the sharemarket. Shares purchased may decrease in value, and will make a loss.

Playing a hypothetical share investment game can provide valuable knowledge before you take risks with real money. John Forsyth recently won the ASX Schools Sharemarket Game and makes the following comments.

Over the past few months I have taken part in the ASX Sharemarket Game...I started with \$50 000 like everyone else in Australia, and over the course of 10 weeks I watched my portfolio grow to nearly \$61 000. With the money, I thought it would be best to buy fewer types of shares, but of greater amounts... I put roughly \$12 500 on each share, and with the left over money I purchased two other shares. I only made a few trades throughout the entire game; I knew I would benefit from this, because if I was to constantly change my shares around there would not be any real growth. My main investment strategy was to wait and watch; patience was probably my main strategy to be honest. So overall, the three keys to my game were: not to trade often, to spend all the money I was given and to be patient.

Game 2 winner 2013: John Forsyth, Year 11, Mercedes College, South Australia

## skilldrill: Reasoning and interpretation

### Using a game to understand the sharemarket

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

In this activity, you will be playing a hypothetical sharemarket game. It is important to understand that there is a lot to learn about the sharemarket. Don't be disheartened if, like Warren Buffett, your shares lose value soon after you buy them!

In this game, you will select a **portfolio** of shares in up to five companies and calculate their value over the next five 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. Before you play this game on paper you will need to follow these steps.

**Step 1** Go to the ASX website using the link on your [obook](#) and choose company information from the price and research tab. View the complete list of stocks, by clicking on the 'View all companies' link below the 'Search by code or company' search bar.

**Step 2** Scroll through the list and investigate a company you recognise or have heard about. Each company will have a three letter code (hyperlinked) so click on that code to take you to more specific information about that company.

**Step 3** Use the menu bar on the left to find out more information about your chosen company. In particular, look at the price history for the last five days. The last price is the price the share sold for at the end of that trading day. Also check the chart showing the share price history for the company you have chosen. Remember that even if the chart shows the share price is performing well, it may decrease tomorrow!



**Source 1** Myer and Harvey Norman are both public companies you can buy shares in.

**Step 4** You can ‘buy’ shares to the value of \$50 000 by completing the table below, and hold them till the end of the game. Choose up to five companies to invest in. You may spread ‘your’ \$50 000 over 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. Complete the total value of the portfolio into the table below.

**Apply the skill**

- 1 After holding your share portfolio for five weeks did you make or lose money?
- 2 What did you learn about the risk involved in buying shares?
- 3 What could you do to make a more educated guess about companies to invest in?
- 4 If you had actually bought these shares what is the fee you would have been charged called?

| Company | Code (unique abbreviation that identifies the company) | Last share price | Number of shares purchased  | Value of shares in each company (share price × number of shares) |
|---------|--|------------------|---|--|
|         |  | \$               |   | \$   |
|         |  | \$               |   | \$   |
|         |  | \$               |   | \$   |
|         |  | \$               |   | \$   |
|         |  | \$               |   | \$   |
|         |  |                  | <b>Total value of portfolio (add all values in the last column)</b> | \$   |

| Total value of portfolio at Week 1<br>Date _____ | Total value of portfolio at Week 2<br>Date _____ | Total value of portfolio at Week 3<br>Date _____ | Total value of portfolio at Week 4<br>Date _____ | Total value of portfolio at Week 5<br>Date _____ |
|--|--|--|--|--|
|  |  |  |  |  |

**Extend your understanding**

1 Ask your teacher to set up an account on the ASX website, playing the Sharemarket Game online (follow the link in your obook) where you can actually trade shares online for a period of ten weeks. You can

choose from 200 stocks, play in teams or individually, and see how you would do in real market conditions, without actually risking any real money.

## 3.3 Minimising financial risk – avoiding scams

**Scams** are traps to dishonestly take a person's money. There are many different types of scams that you should avoid. Putting down the phone or not opening an email from an unknown source – and definitely not clicking on a link – can be the best course of action you could take to avoid being scammed out of your money.

### Scams that target your emotions

Scams that set out to personally target you with the ultimate aim of taking your money have become more common in recent years. Here are just some of the personal scams that are currently in operation:

- Charity scams – the scammer poses as a genuine charity and takes advantage of the giver's generosity.
- Psychic and clairvoyant scams – the victim may be told that they will be in some sort of trouble in future. To avoid this, they inevitably have to pay money for something like a lucky charm. In some cases the victim is threatened with a curse if they don't pay a fee to the scammer.
- Romance scams – the scammer takes advantage of someone looking for romance.

### Investment and online account scams

There is a range of investment scams that offer the investor a 'rare' opportunity to make money very quickly. These operators may make an unsolicited phone call, or send an email. Some investment scammers promise huge tax reductions.

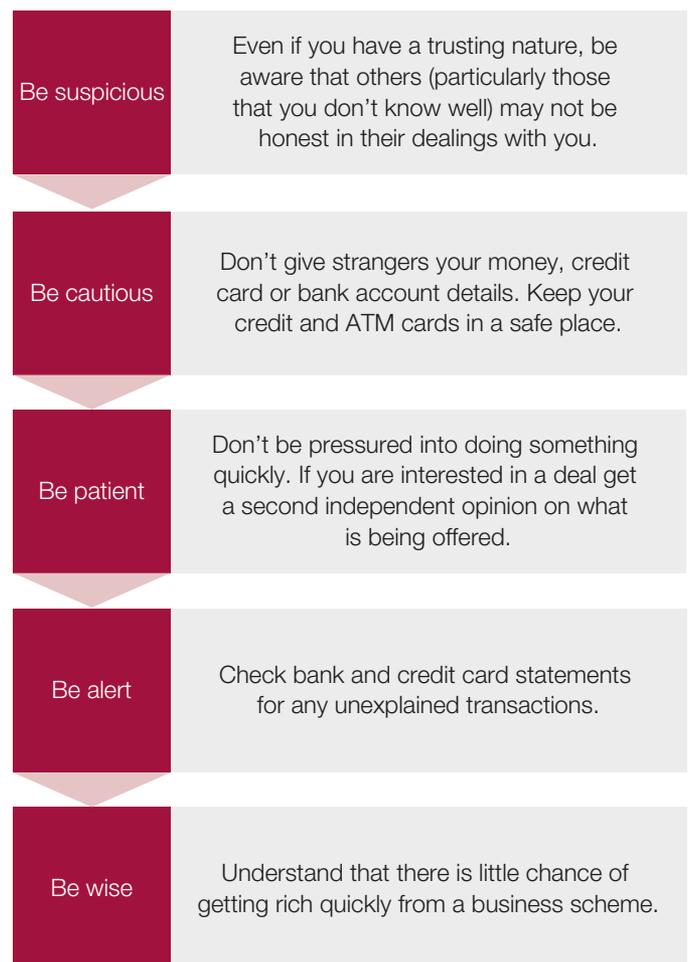
Paying for goods and doing banking online can be convenient, but **consumers** need to be aware of scams such as:

- 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
- the copying of information from the magnetic strip of an ATM or credit card so that a 'clone' of your card can be produced and used illegally.

### Avoid being scammed!

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 (see Source 1).

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, which is run by the **Australian Competition and Consumer Commission (ACCC)**.



**Source 1** Some golden rules to help you avoid being scammed

## casestudy

### How would you feel if your online romance was a scam?

Nigerian online dating scams have become notorious in recent years. In one such case, a 51-year-old woman from Perth lost thousands of dollars. The Perth woman (who does not wish to be identified) developed an online relationship in 2013, with a man who called himself Gary. He was, however, a Nigerian scammer who had stolen a photograph from a website and set up a fictitious profile on the RSVP dating site.

Shortly after meeting online, Gary quickly declared his love for the woman and asked her to send him money because he was in financial crisis. The woman sent three payments, and then Gary asked the woman for her bank details so he could transfer some money into her account. This is when the victim realised she was probably part of a fraud and contacted police. The police actually caught the scammer by matching fingerprints found on a document he had sent, to a person who was known to the Nigerian police. 'Gary' has been charged with obtaining money under false pretences.

Many victims of romance scams never see their money again, but the woman in this case was able to recall some of the repayments from the bank, once she learned Gary was a conman.



**Source 2** If someone you've met online through a dating site asks you to give them money it could be a scam.

## Check your learning 3.3

### Remember and understand

- 1 What is a scam?
- 2 Why is it important to know about the types of scams that exist today?
- 3 Describe a scam you know about, or research one online, and outline what happened in the scam.

### Apply and analyse

- 4 In the following examples, identify what consumers can do to protect themselves.
  - a You open the door and a young man is standing there with a donation tin. When you ask for his identification, he says he didn't bring it with him.
  - b You receive an email from your bank asking you to confirm your account details with them.

- c Someone you met on a dating site, but haven't met in person yet, asks you for a loan.
- d You go to the ATM and never cover the keypad while entering your PIN. You check your credit card statement and find there are many transactions you know nothing about.
- e You receive a call from a well-spoken young man who lets you in on a secret deal to make money from shares.

### Evaluate and create

- 5 How wise are you when it comes to scams? Take the online scam quiz at the Consumer Affairs Victoria website. Write a paragraph outlining your results. Is there anything you could do to improve your safety against being scammed?

## 3.4 Minimising financial risk – using your bank account wisely

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 and deposit money into your bank account. Your PIN and other passwords (such as your Internet bank password) should be kept safe at all times.

### 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.

Some banks and other financial institutions offer transaction accounts that do not charge a fee for allowing you to use their banking facilities (called account keeping fees). Banks may also provide the customer with a free monthly statement listing all banking transactions.

#### casestudy

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

Criminals with knowledge of the latest technology steal millions of dollars each year through 'skimming'. 'Skimming' involves copying card details while also video recording people as they enter their PIN into an ATM. These video recording devices have become more sophisticated as they are able to record a person entering their PIN from a variety of angles now. 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 newspaper or purse to ensure the keyboard is completely blocked out.

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

1 **Don't** tell anyone your PIN.

2 **Don't** write your PIN on your card.

3 **Don't** keep your recorded PIN with your card.

4 **Don't** use your birthdate or part of your name as your PIN.

5 Check bank statements for unauthorised transactions.

6 Cover your hand over the keyboard when entering your PIN.

7 A financial institution should not need to ask you for your PIN.

8 When using Internet banking remember to log out.

**Source 1** Your PIN is the key to your money so make sure it is safe. If you think that someone knows your PIN or your card is lost or stolen you should contact your bank immediately.

It is advisable to check the banking fees charged before setting up an everyday transaction account with a bank or other type of financial institution. Consider switching to another account or bank if you already have an account but are being charged too much.

Banking fees to check include:

- **EFTPOS (Electronic Funds Transfer at Point of Sale) fees** – when purchasing goods using EFTPOS, money is transferred electronically from your account to pay for the goods. A fee may be charged for this.
- **ATM fees** – when withdrawing money from an ATM, banks may often charge a fee for this service. Try to avoid using another bank's ATM or you may be charged a higher fee.
- **Phone and Internet banking fees** – banks often charge customers fees for transferring money or checking balances via phone or Internet banking services. Check the fees associated with your online bank account.
- **Exception fees** – exception fees are charged if there are insufficient funds in an account to cover a transaction. For example, you may have a monthly direct debit set up from your account and if there are insufficient funds to pay the bill, an exception fee may be charged.

It is important to understand that a bank is a business and it therefore charges fees for its banking services. If banking fees increase it is easy just to ignore it, but these small fees add up and some can be avoided. Check your bank statements next time to see how much you are actually paying the banks in fees.



**Source 2** 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.

## Check your learning 3.4

### Remember and understand

- 1 Why should savings be kept in a separate savings account linked to an everyday transaction account?
- 2 As an account holder, are you responsible for money lost as a result of 'skimming'?
- 3 What is the latest technology is being used to combat 'skimming'?
- 4 In your own words, define what exception fees are.
- 5 What does EFTPOS stand for? How many EFTPOS transactions are made in Australia everyday?

### Apply and analyse

- 6 Why do banks charge fees on accounts and credit cards?
- 7 In the scenario below, identify at least five faults in the way Debra uses her ATM card:

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 and 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. 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 'solve' the problem.

### Evaluate and create

- 8 Access the MoneySmart website using the link on your gbook. Read the information on credit cards.
  - a Write a list of the fees associated with most credit cards.
  - b Explain why it is crucial to keep up to date with credit card repayments.
  - c Write a paragraph detailing why you think you should get a new credit card. What factors might influence your choice of credit card?

# 3.5 Minimising financial risk – knowing your consumer rights

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 1).

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' if:

- 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 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 might contact their state or territory consumer protection agency.

## 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 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 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 1 The Australian consumer law protects all consumers.

## Your rights when buying online

If purchasing goods online from an Australian business, the 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 2 provides some tips on how you can minimise the risk involved when you shop online.



Source 2 Tips for consumers who shop online

### Check your learning 3.5

#### Remember and understand

- 1 Are all consumers in Australia subject to the same consumer laws?
- 2 If two prices for a product are displayed, at which price is the consumer entitled to buy the product – the lower or higher price?
- 3 If there is a sign warning the consumer to choose wisely because no refunds are given, is the consumer entitled to a refund if there is a major problem with the item?
- 4 What can the consumer do if they have purchased a good with a major problem?

#### Apply and analyse

- 5 Explain why the consumer would be entitled to a repair, replacement or refund in the following circumstances.
  - a Mary buys an electric mixer and sparks fly from the mixer as soon as she 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 Jason purchases a clock but it does not keep correct time.
- d Joanna purchases a hairdryer that breaks down after a week.
- e Georgia asks for the gold buckle on her black shoes to be replaced only to find the gold buckle has been 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

- 6 Have you or someone you know ever purchased a good or service with a major problem? If so, explain the situation and what was done to resolve the issue.
- 7 Pick a product you would like to buy online.
  - a Find out what the return policy is on the item.
  - b Jot down as much information as you can about the seller.
  - c How can you tell whether the private information you provide online is going to be secure?
  - d Explain why buying online from an overseas business can be riskier than dealing with an Australian business online.

## 3C rich task

# A major financial decision – buying a car

Now that you've learnt about minimising financial risk, it's time to put what you have learnt into practise. Buying a car is a major purchase so it is important to do some research so you make the right decision. Here is a guide to help you get started.

## 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, both online and on foot, to ensure you purchase the car that is right for you.

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 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 also be paid when a vehicle is first registered and then annually from that date.
- New vehicles may also incur a dealer delivery fee to cover the trader's costs of preparing and delivering the vehicle. If the car is a luxury vehicle a luxury car tax will be imposed.
- If buying a used car a registration transfer fee will be charged to transfer registration to a new owner.

## Warranties

All new cars come with manufacturer's warranty providing some protection should faults or defects occur. Used cars sold by a licensed motor car dealer also have a statutory warranty if they are less than 10 years old and have travelled less than 160 000 kilometres. The consumer should check the terms of the warranty to ensure they know how long the car is under warranty for.

## Taking out a loan

Check the interest rate and how much interest you will have paid on the loan after you have repaid it. Shop around for the best loan deal rather than just accepting a loan deal the car dealer may offer you.

## Insurance

Comprehensive car insurance protects you against car fire, theft, accident and damage to your car and damage to other cars and property. Third party property insurance gives you less cover, protecting you only against damage caused to other cars and property. The amount of car insurance you pay will vary depending on the car make and model chosen.

## Service and repairs

Whether you buy a new or used car you need to maintain a car in good condition to avoid breakdowns and more extensive repairs. New cars may come with capped pricing schemes so that you know the cost of maintaining your car upfront, but it is important to check and compare the servicing schemes being offered.

## Fuel efficiency

Consider buying a car that does not need as much fuel so you save on fuel costs, while reducing greenhouse gas emissions and air pollution.



**Source 1** 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.

**skilldrill:** Reasoning and interpretation

## Conducting a cost–benefit analysis

A cost–benefit analysis identifies all the strengths and weaknesses of taking a particular course of action. Analysing costs and benefits may be useful in business to determine whether the 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 also should take into consideration the possibility of a successful project/purchase, but also the costs if the project/purchase is not successful. It should also consider the timeframe involved to reap any benefits.

**Step 2** Attempt to put a value on those costs and benefits. Factors such as inflation and interest rates need to be considered. 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.

## Apply the skill

- 1 Conduct a cost–benefit analysis of buying a particular car. You have up to \$55 000 to spend over a five-year period. This includes the initial cost of the car and its running costs. Refer to the RACV’s *Car owning and operating costs guide* on their website. A link to this is available on your [obook](#). Choose at least *three* cars you would like to purchase within this price range. The guide itemises the cost for buying and running a selection of cars over a five-year period (driving 15 000 km per year).
- 2 Identify costs and benefits and put a value on these benefits. Complete the following table in Source 3, listing the weekly and annual cost over five years according to the RACV guide. Use the Internet to find more information on the benefits of the three cars of your choice.
- 3 Assess 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 costs and personal benefits you think the car would bring you.



Source 2 Steps in cost–benefit analysis

Source 3 Cost–benefit analysis table

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

## Extend your understanding

- 1 Undertake 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.

## YEAR 9 Unit 3 Work and work futures

# The changing work environment

'Choose a job you love, and you will never have to work a day in your life'. For actors like Chris Hemsworth and Anthony Hopkins, working involves using acting skills to portray characters in a film. However, a film is more than its actors. Costume designers, hair and make-up artists, film crew, special effects artists and stunt performers are just a few of the workers that may also be involved.

When choosing a career, you should consider factors such as skill, ability, educational requirements, pay and working conditions. While you are studying, you may work part-time to gain experience and earn extra money. It's important to understand what is expected of you once you enter the workforce and what you can expect from your employer.



## 4A

How do changes in the workplace affect people?

- 1 In what ways have new technologies changed the work of a teacher, builder and shop assistant?
- 2 Why do you think people today change jobs more often than they did in the past?
- 3 What careers interest you the most and why?

## 4B

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

- 1 Why might an employee be dismissed from a job? Can you think of any reasons this might be justified?
- 2 Imagine you start a new part-time job. On your first six-hour shift you do not get a break, you have to use the cash register without any prior training, then your boss says he is going to reduce your hourly rate of pay. Is your employer meeting his responsibilities?



chapter  
4

**Source 1** Just another day at the office for actors Anthony Hopkins and Chris Hemsworth on the set of the blockbuster Hollywood film, *Thor*.

# 4.1 The world of work is constantly changing

Work has changed dramatically over the last fifty 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. Today, nearly 60 per cent of the female population in Australia over the age of 15 is either employed or seeking employment. Many of these women now juggle both work and family commitments. Many men are now choosing to stay at home with their young children.

In addition to these changes, 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. Today, manufacturing employs only 8 per cent. Instead, the service sector is now our largest industry. Examples of large service industries include tourism and hospitality

services, financial and insurance services, education and training services, and healthcare.

**Globalisation** has also affected the world of work. Some Australian businesses have been unable to compete against countries such as China that pay lower wages and can therefore produce goods more cheaply. Some businesses, however, have thrived, and have been able to employ more people and produce new products for larger **consumer** markets than those found in Australia.

Australia's ageing population will also affect work in the future. By 2060 it is expected that the number of people in Australia aged 75 or older will increase by 4 million. This represents an increase from about 6.4 to 14.4 per cent of the population. There will also be fewer new workers entering the workforce because of a decline in the number of babies being born each year in Australia. These factors mean that skilled and experienced workers may be much harder to find.

## Check your learning 4.1

### Remember and understand

- 1 What Australian industry has declined since the 1960s?
- 2 What percentage of the population will be 75 or over in 2060?

### Apply and analyse

- 3 Give 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
- 4 Circle the following jobs that are no longer required today and explain why this is the case.
  - a Clerical worker
  - b Lamplighter (a person who lights street lamps)
  - c Shopkeeper
  - d Sweeper (a person employed to physically sweep streets and keep them clean)

- e Switchboard operator
- f Iceman (a person who delivers huge ice blocks to people's homes)
- g Garbage collector
- h Accountant
- i Milkman
- j Store elevator operator

- 5 Think of three reasons why female participation in the workforce has increased over the last 50 years.

### Evaluate and create

- 6 Explain why globalisation can lead to both increases in employment and increases in unemployment depending on the type of industry.
- 7 Ask your grandparents or an elderly friend how work has changed since their first job. Create a set of questions for your interview, then report your findings back to the class.

### Jobs have changed

Common jobs

## 1966

- Tradesmen
- Production process workers
- Labourers
- Farmers
- Fishermen
- Timber workers

## Today

- Professionals
- Clerical and administrative workers
- Technicians and trades workers

### Increased female participation in workforce

Women in workforce

1983 **44.5%**      2013 **58.5%**

The female workforce participation rate has grown from 44.5% in July 1983 to 58.5% in July 2013 according to Australian Bureau of Statistics (ABS) figures.

### Fall in union membership

There are more highly skilled workers in our workforce than ever before.

Proportion of employees with trade union membership in main job 2003–2013

### Australians are more educated

**57%**

The proportion of people aged 15–64 years with a non-school qualification increased from 47% in 2001 to 57% in 2013, according to the ABS.

### Expect to retire before 60

**9%**

### Australians expect to retire later

The average age for men who retired less than five years ago was 63.3 years, while the average age of retirement for women was 59.6 years, according to a recent ABS study.

The age at which a person can qualify for a pension will increase to 67 by 2023, meaning many Australians will have to work longer.

### Technology alters the way we work

- Fewer workers may be required to do the same job.
- New jobs may arise in areas such as Information Technology.
- Global products can be created increasing work opportunities for some people.
- Employees can work remotely.

### Employees job hop more frequently than ever before

**9%**

Nearly one in ten people have changed their job in the previous 12 months, according to the latest ABS statistics.

### Globalisation affects the workforce

More people will work overseas to develop their careers in the future, according to Hays recruiting company.

Some Australian businesses will be unable to compete with other low-wage countries, leading to business failure and unemployment.

Globalisation can, however, create new and larger consumer markets, leading to greater employment.

### Growth in part-time work

1990–91 **22%**      2010–11 **30%**

The proportion of employed people who were working part-time rose from 22% in 1990–91 to 30% in 2010–11. The chart shows the proportion of part-time workers in the workforce was 30% in 2011 according to ABS figures.

Source 1 There have been many changes in the workplace in recent years.

## 4.2 Enterprising skills in the workplace

An **enterprising** individual is one who shows initiative, is prepared to take on a new project, sometimes overcoming significant obstacles, and is also 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, Social Enterprise Champion Award winner Luke Terry has led the development of a multi-million dollar commercial laundry that will employ long-term disadvantaged people.

### casestudy

#### Could you be enterprising?

Being enterprising encompasses a whole range of skills. Someone, for example, 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 1 lists some of the associated skills that enterprising individuals may possess. Enterprising skills such as these are said to be a more powerful predictor of long-term job success and performance than technical knowledge.

Hailing from Brisbane, 16-year-old inventor and entrepreneur, Taj Pabari is the founder and CEO of

#### 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 1** An enterprising individual usually has a range of different skills.

Fiftysix, a global tech start-up that develops DIY tablet and coding kits for children.

Like many other children, Taj grew up playing with Lego but became interested in technology, 3D printing and coding as he grew older. Combining these interests, Taj started his company, Fiftysix Creations, as a 14-year-old after being inspired to build his own tablet.

Fiftysix Creations creates DIY tablet kits that contain both hardware and software components, with the aim of helping children develop an interest in how technology works and teaching them to write code.

Today Taj is completing his final year of high school while still being involved in his business – waking up at 4am to conduct conference calls before school. Fiftysix Creations has around 20 employees and offices in Melbourne, London and San Francisco.



**Source 2** Taj Pabari's DIY tablet kits can be used both for playing and learning.

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### Going with the flow?

Father and son team Stuart and Cedar Anderson have created a product 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 a 'Flow Hive', is gentle on the bees and it 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' via the Internet through a crowd funding site called Indiegogo. 'Flow Hive' is being manufactured in Australia with orders from 148 countries around the world wanting the new product. Success didn't come overnight, though. It took ten years to perfect the product. Cedar says, 'We always dreamed it would be successful one day. But you really don't know.'

**Source 3** The successful beekeeping invention 'Flow Hive' developed by Cedar Anderson (pictured) and his father Stuart Anderson, used crowdfunding to finance the idea.

## 'Soft skills' are important too

Machines are now performing many tasks once only undertaken by humans. This is called automation and it has implications for the skills that are going to be in high demand in future. Many business experts are saying that individuals with '**soft skills**' (that 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 works for a large company and 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'.

## Check your learning 4.2

### Remember and understand

- 1 How can a person be enterprising in the workplace?
- 2 Why do experts believe 'soft skills' will continue to be in high demand by employers?

### Apply and analyse

- 3 Explain why Taj Pabari's business is considered to be enterprising.
- 4 Tick which of the following individuals clearly display 'soft skills' in these instances.
  - a Jem always arrives late for work, talks too loudly on the phone and continually uses social media while at work to keep in touch with her friends.
  - b Michael 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 Raj tends to sit back at meetings and listen. He doesn't want to offer his ideas because he is too afraid they will be considered silly.
- d Jan always attends meetings on time but she talks mostly about her own successes, and when asked, it is clear she delegates to others work that she should be doing herself.
- e Lee is always so positive and is always determined to solve problems using methods most would never think of.

### Evaluate and create

- 5 Do you think people can learn some 'soft skills' such as working well with team members, communicating well with others and complying with social rules?

## 4A rich task

# The job market outlook for the future

‘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 common now for people to have multiple careers in a lifetime instead of just one.



**Source 1** The ability to earn a good salary is a factor many consider when choosing a career. The highest paid workers in Australia are surgeons, according to the Australian Taxation Office report 2012–13.

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 2 shows the occupations that have the brightest employment prospects in the future. As you can see, most of the growth areas are in the **service sector**. You can find employment prospects for most occupations at the Department of Education, Employment and Workplace Relations website.

**Source 2** As the population ages, many occupations in the field of healthcare will experience increased demand.

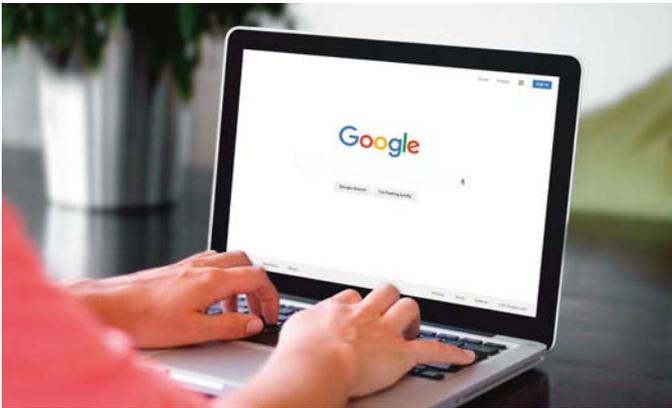
| Occupation  | 5-year employment growth to 2016–17 (%) | Employment levels at 2016–2017 ('000s) |
|---|---|--|
| Drillers, miners and shot firers (shot firers position and detonate explosives) | 27.7                                    | 72.6                                   |
| Mining engineers  | 23.5                                    | 10.1                                   |
| Internal medicine specialists   | 20.5                                    | 8.0                                    |
| Other medical practitioners   | 20.5                                    | 13.2                                   |
| Registered nurses   | 20.5                                    | 274.8                                  |
| Aged and disabled carers  | 20.4                                    | 140.6                                  |
| Other construction/mining labourers   | 18.0                                    | 10.9                                   |
| Generalist medical practitioners  | 17.7                                    | 61.5                                   |
| Surgeons  | 17.1                                    | 6.6                                    |
| Electricians  | 17.1                                    | 162.9                                  |
| Other building/engineering technicians  | 16.6                                    | 25.2                                   |
| Nursing support/personal care workers   | 16.5                                    | 95.6                                   |
| Graphic/web designers, and illustrators   | 16.0                                    | 52.8                                   |
| Physiotherapists  | 16.0                                    | 19.4                                   |
| General managers  | 16.0                                    | 59.4                                   |
| Anaesthetists   | 16.0                                    | 3.4                                    |
| Social workers  | 16.0                                    | 25.7                                   |
| Health and welfare services managers  | 16.0                                    | 21.4                                   |
| Child carers  | 16.0                                    | 133.4                                  |
| Chief executives/managing directors   | 16.0                                    | 75.6                                   |

**Source:** Department of Education, Employment and Workplace Relations, 2015

**skilldrill:** Reasoning and interpretation

## 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 first 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 reliable information on the Internet:

**Step 1** Identify key words 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:

- Who is the author or creator? If it is an individual, do they have their credentials listed (e.g. a degree or title)? If it is an organisation, is it a reputable organisation like a government or university department?
- What is the purpose of the website? Is it trying to inform, persuade or sell?
- Is the site objective? Is the author's point of view biased?
- 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?

### Apply the skill

- 1 Pick an occupation you are interested in and undertake an Internet search about the following:
  - a projected employment prospects
  - b qualifications required
  - c likely earning potential.
- 2 Compile a brief summary of details about the profession you are interested in, based on your web search.

Note: If you are interested in becoming a bricklayer, for example, you may want to search more generally first with your keywords rather than just entering the term 'bricklayer' into a search engine.

## 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 five-minute chat, either on the phone or in person. If you don't have any contacts, consider writing a letter or email

stating that you are interested in talking to a staff member about their career.

- 2 Write a list of questions that will guide you through your five-minute chat beforehand. After learning more about your chosen occupation are you still interested in pursuing it?

## 4.3 Roles 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 rate what you consider to be the most important (1) to the least important (10) factors.

**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 (for example, 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)                 |

Whatever work you choose in future, it is important 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 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.

Many workplaces, however, have what is known as 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 and 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.

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 ten national employment standards 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 only stated the employee was to be given two weeks of annual leave, the enterprise agreement would not be passed.



**Source 2** Under enterprise agreements, employers must not provide lesser entitlements than the national employment standards. For example, all employees are entitled to four weeks of annual leave per year.

## Employer responsibilities



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.

## Employee responsibilities

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.

## casestudy

### Is it up to the employer to decide your pay?

Queensland restaurant operator, Jia Ning Wang was recently fined \$21 000 after the court found that he had been grossly underpaying a Chinese backpacker in 2014. According to the court, Fire and Stone restaurant on Moreton Island had paid the worker, who was in Australia on a working holiday visa, \$10 per hour. In 2014, that was less than half of the legal rate for a casual hospitality worker.

The business owner initially refused to reimburse the worker, arguing that she 'ate too much food and used too much air-conditioning'. The **judge** thought otherwise and ordered him to pay.

Hamburger chain Grill'd came under fire in 2015 when a young worker from one of the chain's Melbourne outlets claimed that she had been fired for speaking out about the company's low wages. It was revealed that Grill'd routinely underpaid their staff by claiming that they were hired on traineeships. After media started reporting on the scandal many young Grill'd employees revealed that they did not get any of the training the company promised them, and that they were paid as little as \$9.50 per hour. Grill'd also failed to pay their workers penalty rates for working on weekends, evenings and public holidays.



**Source 6** In 2015 the Fair Work Ombudsman received 1916 complaints from visa holders who claimed they were underpaid or not paid at all. Many of them were working as fruit-pickers.

Young people, especially backpackers and international students, are often unfamiliar with Australian laws around wages and working conditions; this makes them particularly vulnerable when it comes to knowing their rights as workers. In 2015 alone, 513 underpaid workers were repaid a total of \$2.2 million in lost wages and entitlements, according to the Fair Work Ombudsman. The majority of complaints came from fruit-pickers in Queensland and New South Wales and many workers were on working holiday visas. Source 5 looks at some common myths around workers' rights and outlines the legal facts.

**Source 5** If you believe you are being treated unfairly at work, you can visit the Fair Work website for information about your rights.

| Myth   | Fact  |
|--|---|
| Employers can ask a potential employee to work a trial shift without pay.  | A work trial can be unpaid, but only if the job requires specific skills. The trial can only last for as long as is needed to demonstrate these skills. The maximum unpaid work time is one shift. During an unpaid trial you must be under the direct supervision of your potential employer at all times. Unpaid trials are unlawful for most casual positions. |
| In retail or hospitality, employees are not paid for opening or closing the store as this occurs before/ after business hours. | An employer must pay employees for all the time they are required to work, including tasks that fall outside regular hours, such as attending training.   |
| Your employer does not have to give you a payslip.   | All employees are entitled to receive a payslip within one working day of pay-day. It can be in paper form or sent in an email.   |
| Casual employees are not entitled to any type of leave.  | Casual employees are entitled to two days unpaid carer's leave and two days unpaid compassionate leave per occasion.  |
| Hiring young people as trainees is a fast and easy way for businesses to get cheap workers.                                    | Businesses who want to hire young people in traineeships need to meet certain requirements, such as having a tradesperson or qualified person who is able to supervise the trainee. They must also join a training organisation that organises a training plan and keeps necessary records.   |

## casestudy

### Did these employees behave inappropriately in the workplace?

Video footage of a Pizza Hut employee in West Virginia, USA, 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. Closer to home in Australia, the 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 four-year period. Murphy was jailed for 18 months.

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



**Source 7** In the NSW case *Goldsmith and Spotless Services Limited* [2004] (8 December 2004) an employee was dismissed after she was found to have been sleeping under her desk during a night shift. Evidence from co-workers indicates it wasn't an isolated occasion. The employee was dismissed.

## Check your learning 4.3

### Remember and understand

- 1 What are two responsibilities an employer has to an employee?
- 2 What is the difference between an enterprise agreement and a modern award?
- 3 Would an enterprise agreement that offered a lower minimum wage than the modern award be accepted by the Fair Work Commission?

### Apply and analyse

- 4 What would happen if we didn't have laws governing the minimum wage an employee must be paid?
- 5 Sam hires Lee as a bookkeeper. Who is the employee and who is the employer?
- 6 What are the advantages of the employer and employee directly negotiating pay and working conditions?

- 7 Give one reason it is important to understand your rights as an employee.
- 8 Source 3 lists some of an employer's legal obligations. Make a list of other things you would like an employer to provide if you were the employee.

### Evaluate and create

- 9 Go to the Fair Work Ombudsman website and list at least five of the National Employment Standards. For each, write a sentence stating why you think it might be important to uphold the standard.
- 10 Why is it important that we have laws which protect the rights of workers? With a partner, brainstorm some scenarios where a worker might need to rely on the protection of the law.

# 4.4 Protecting workers from discrimination 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. Discrimination can take place anywhere, at home, at school, and even in the workplace. For example, a woman who is not given a promotion solely because she is pregnant is being discriminated against. Similarly, a man whose application for a job is unsuccessful because the hiring manager thinks he's too old is also being discriminated against.

**Source 1** 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 vs. dark-skinned)                          |
| Sex                                  | based on a person's gender (e.g. male, female, intersex)                                       |
| 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's responsibilities   | based on whether a person has family or carer obligations                                      |
| Pregnancy                            | based on whether a woman is pregnant or not  |
| Religion                             | based on a person's religious beliefs (e.g. Christian, Islam, Jewish, Buddhist)                |
| Political opinion                    | based on a person's political beliefs (e.g. left-wing vs. 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) |

## Discrimination in the workplace

In Australia, the Australian Human Rights Commission – along with number of other 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:

- 1 The person must have been disadvantaged in the workplace due to one or more of the types of discrimination defined in Source 1.

### casestudy

#### Can employment be terminated when you are 'too old'?

A long-serving waiter at a Thai restaurant in Queensland was told by his employer that his employment would be terminated on his 65th birthday. The former waiter received a letter from the employer which stated that 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 2** It is illegal to discriminate in the workplace on the basis of age.

- 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 to 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.

## Sexual harassment in the workplace

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



**Source 3** Laura Connors from Tasmania was 15 when she started her first part-time job at a local fast food restaurant. She resigned months after because the restaurant owner repeatedly pinched and squeezed her bottom and had requested she take her top off. The Anti-discrimination Tribunal of Tasmania ordered that \$12 000 be paid to Laura Connors for compensation.

### Check your learning 4.4

#### Remember and understand

- 1 What two conditions must be met to determine that there has been discrimination in the workplace?
- 2 What is the difference between sex discrimination and sexual harassment?

#### Apply and analyse

- 3 What type of discrimination has taken place in 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 Jan turned 17 and suddenly found many of her shifts were given to younger workers because her employer just couldn't afford to pay Jan 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 family should not apply due to the extreme conditions and solitude.
- 4 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 blushes and 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.

#### Evaluate and create

- 5 Refer to the case study and evaluate the decision to fine the restaurant owners \$29 150 for discriminating against the waiter. You can conduct some extra research on the case by looking up 'Australia's first age discrimination case' for further information.
- 6 Why is it important to have anti-discrimination and sexual harassment laws? Write 2–3 paragraphs outlining your views.

# 4.5 Protecting workers from bullying and unfair dismissal

If a person believes they have been unfairly dismissed from a job, or that they have been bullied in the workplace, they may be able 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*, to determine that there has been workplace bullying:

- 1 a person or group of people must have behaved unreasonably to a worker or a group of workers at work
- 2 the bullying must have 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.

## 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 following questions should be considered (see Source 2).

### casestudy

#### Have you ever been bullied at work?

Teenage waitress 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 café were also convicted and fined \$220 000 for not taking reasonable care for the health and safety of Brodie. 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 1** Brodie Panlock's death highlighted the human cost of workplace bullying. Bullying also has an economic cost with the Productivity Commission estimating workplace bullying in Australia costs between \$6 billion and \$36 billion annually.

**Source 2** The Fair Work Commission considers these questions to determine whether dismissal was unfair.

| Unfair dismissal checklist  | Yes | No |
|---|-----|----|
| 1 Was there a valid reason for the dismissal? The dismissal might have been related to a person's capacity to do their job, or their conduct and its effect on safety and welfare of other employees. |     |    |
| 2 Was the person notified of the reason for their dismissal?  |     |    |
| 3 Was the person given an opportunity to respond to any reason for the dismissal that related to their capacity or conduct?   |     |    |
| 4 Did the employer unreasonably refuse to allow the employee to have a support person present to assist at any discussions relating to dismissal?   |     |    |
| 5 If the dismissal was related to unsatisfactory performance, had the person been warned about that unsatisfactory performance before the dismissal?  |     |    |
| 6 Did the size of the employer's enterprise impact on the procedures followed when dismissing the person?   |     |    |
| 7 Did the absence of dedicated human resource management specialists or someone who had expertise in the enterprise have an impact on the procedures followed in dismissing the person?               |     |    |
| 8 Are there any other matters that are relevant to this dismissal?  |     |    |

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.

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** (now the Fair Work Commission), ordered 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.



**Source 3** Employees should be extremely careful about making comments about managers and colleagues on social media.

## Check your learning 4.5

Remember and understand

- 1 Name two strategies that are considered 'reasonable management' by an employer.
- 2 What three factors determine whether a dismissal is unreasonable or not?

Apply and analyse

- 3 Why must an employer state the reason or reasons for dismissing an employee?
- 4 A manager points out that an employee has made an error and suggests that further training is required. Has workplace bullying taken place?
- 5 Are either of the following reasons for dismissing an employee 'harsh, unjust or unreasonable'?
  - a Jan is late for work on one occasion and her employer tells her to pack her bags and go.
  - b A 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

- 6 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 point.

## 4B rich task

# Unfair dismissal

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

When dealing with 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.

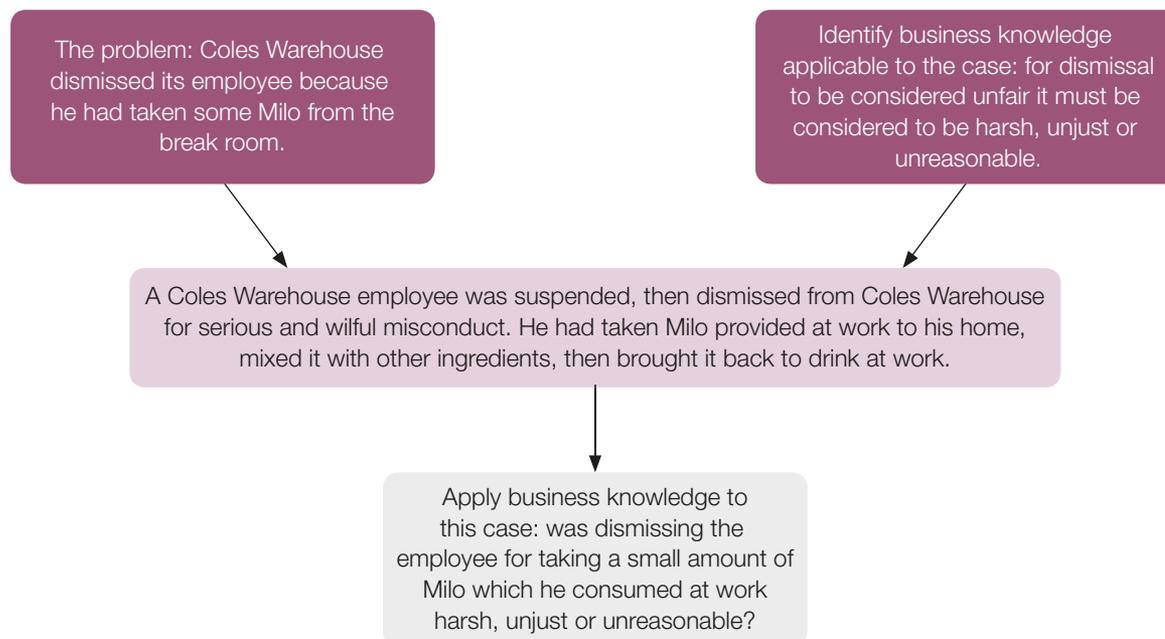
### The Milo case

In the case *Homes v Coles Group Limited* [2014] FWC 1013 a Coles employee took some Milo and was dismissed. 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.



**Source 2** An employee who took some Milo home in a container was dismissed.

In August 2013, a security officer found Milo in the worker's bag but the worker claimed the Milo was his (supposedly because he was in a state of shock). The employee was first suspended from Coles Warehouse 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 Commission found that the employee was unfairly dismissed. The employee was reinstated and was also paid for the period between the dismissal and reinstatement.



**Source 1** 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 the salesman's specific duty to assist government customers in relation to the sale of Toyota cars. The salesman was annoyed that the customer had given the sale to another Toyota car dealership and a couple of months later spoke to the customer about it. Despite initially denying he had sworn at the customer the salesman later conceded in cross-examination that the following conversation had taken place in the reception area:

Salesman: 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.

Salesman: Well I guess that means that you wasted my \*\*\*\*\* time.

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

## skilldrill: Reasoning and interpretation

### Applying business knowledge, skills and concepts to new situations

Being able to apply knowledge to solve issues or problems is a skill many employers seek. 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.

### Apply the skill

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

## Extend your understanding

Now that you have applied your business knowledge to the swearing case, read 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.

## YEAR 10 Unit 1

Enterprising behaviours  
and capabilities

# Measuring Australia's economic performance

If you were driving a car and saw a road sign saying 'hazardous conditions ahead', would you change driving behaviour? Most of us would.

It's the same with the economy. **Economists** measure economic performance as a way of seeing what lies ahead so that changes can be made to keep us travelling along the road safely.

There are many signs or indicators that can tell us how well the economy is performing. Measuring rates of production, the price of goods and services, and levels of employment are just some of the indicators that can tell us how well the economy is performing.



## 5A

How is the performance of the Australian economy measured?

- 1 Do you think you have more goods and access to more services than your grandparents did when they were children? Why?
- 2 List at least ten things that provide a better life for citizens living in Australia's economy.

## 5B

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

- 1 Do you think that Australia is a great place to live compared with other countries? Why?
- 2 How could you measure whether one place was better to live in than another?



chapter

# 5

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

# 5.1 Measuring growth in the Australian economy – GDP

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. GDP is a measure of the total value of all **goods and services** produced in Australia over a year, so if GDP increases we know that the economy is growing. If GDP decreases, we know the economy is contracting, or shrinking.

## Understanding Gross Domestic Product (GDP)

As mentioned, GDP is a measure of the total value (in dollars) of all goods and services produced in Australia over a specific period of time. Let's look at this term in more detail:

- **'Gross'** means that tax or other deductions (like **depreciation**) 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'** includes goods (such as bread, mobile phones and clothes) and services (such as haircuts, tax returns, 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.

## The importance of economic growth

The Australian Bureau of Statistics (ABS) releases its GDP figures every quarter (i.e. 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 it means that



**Gross**  
total figure before depreciation



**Domestic**  
within a country



**Product**  
goods and services

**Source 1** Gross Domestic Product (or GDP) is one way to measure economic growth in an economy.

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 standard. When economic growth falls, it means that there is a decline in the number 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 standard of living.

An economic **recession** is where economic growth falls for two or more quarters (i.e. six or more months) in a row. Australia has had four recessions since 1960: 1961, 1974–75, 1982–83, and 1990–91. 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 available credit, a significant increase in unemployment, and there is little **consumer** confidence.

## Limitations of GDP as a measure

At school, your test results alone don't 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, like your attitude and behaviour in class, and your relationships with your classmates.

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

Likewise, GDP alone does not accurately assess the true performance of the economy. Producing more goods and services may have some undesirable environmental and social consequences. All of the factors in Source 4 are not considered when calculating GDP. Prioritise what you consider to be the most important factors for a worthwhile life and then decide whether GDP alone is a good measure of progress in Australia.

**Source 2** Boys collect bricks during the Great Depression (1929–1939). At the time, young people found it easier to get jobs, but as they got older their work options reduced. In mid-1932 almost 32 per cent of Australians were out of work.



### Source 3 Annual percentage change in real GDP for Australia

| Year                     | 2010 | 2011 | 2012 | 2013 | 2014 (a) | 2014 (b) |
|--------------------------|------|------|------|------|----------|----------|
| Annual percentage change | 2.4  | 2.6  | 3.6  | 2.0  | 2.6      | 2.4      |

**Source:** ABS, the IMF and various international sources. (a) All recent data subject to revision; (b) IMF/EIU forecast.

### Source 4 Important factors for a worthwhile life

| Factors   | Priority 1–8 (number 1 being the highest priority) |
|---|--|
| Enough leisure time                                 |  |
| Spending time with family and friends               |  |
| Contributing to the community                       |  |
| A job that is rewarding                             |  |
| Enjoying nature                                     |  |
| Good health   |  |
| A pollution-free environment                        |  |
| Income and wealth are distributed fairly in society |  |

## Check your learning 5.1

### Remember and understand

- 1 What does GDP stand for?
- 2 Why do we measure GDP?
- 3 List at least three limitations of GDP as a measure of the nation's progress.
- 4 What is the definition of an economic recession?
- 5 What is the definition of an economic depression?

### Apply and analyse

- 6 Explain the consequences when there are two or more quarters of negative growth in GDP.
- 7 What percentage change in GDP is considered suitable by economists?

- 8 How might producing more and more goods and services each year affect our environment?
- 9 Explain why the pursuit of increasing production can affect a citizen's health and welfare?

### Evaluate and create

- 10 Refer to the chart pack at the Reserve Bank's website and find the latest annual and quarterly GDP figures. Describe how GDP has changed since 2015.
- 11 Create a diagram showing that one in three people were unemployed during the Great Depression.
- 12 Draw a picture or create an image that clearly shows how increases in GDP can lead to increased employment and a better standard of living.

## 5.2 Measuring price changes in the Australian economy – inflation

**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 standard of living. For example, \$100 spent on goods and services in 1980 would cost \$408.63 in 2015 (assuming an average inflation rate of 4.1 per cent over those 35 years). It must be remembered, however, that wages and salaries do increase. In 1980, the average weekly wage (before tax) for a man was \$245.70 and in May 2015 it was \$1674.80.

Inflation is thought to be sufficiently low if it does not exceed the Reserve Bank and Treasury target of 2–3 per cent per year (see Source 3).

### Reasons for inflation

A major factor causing rising prices is stronger demand in the economy for goods and services. This stronger demand can lead to shortages of goods and services with companies unable to keep up with the demand for their products and therefore 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 such as China performing well and demanding our exported goods and services
- relatively low **interest rates** encouraging consumers and business to borrow more in order to spend
- lower taxes and increased government spending may also lead to increased demand and therefore expenditure.

Inflation may also occur due to increasing costs. If wages increase this extra cost might be passed on to consumers in the form of higher prices. Higher taxes and higher interest rates on money borrowed may also lead to increased costs that businesses must bear.

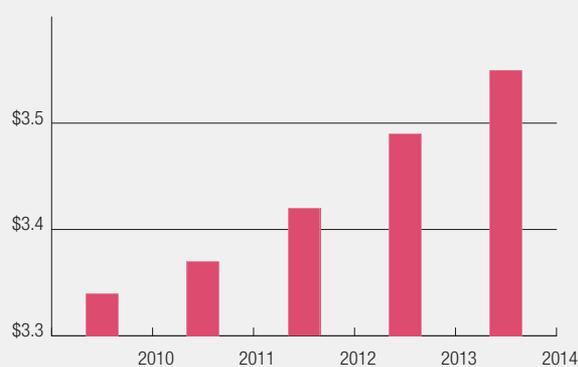
### casestudy

#### Have you noticed how much you pay for a cup of coffee?

Inflation refers to the rise in the general level of prices, not just the price of a can of Coke or a cup of coffee. Nevertheless it's interesting to look at the price of frequently consumed items such as a cappuccino. A Brisbane coffee machine supplier, Gilkatho, started a coffee price index in 2003. They first started monitoring coffee prices in Brisbane in 2003 and now monitor the major capital cities in Australia. In the last quarter of 2010 the average price of a takeaway cappuccino in Melbourne was \$3.15. The average cost of a cappuccino in Melbourne is now well over \$3.50. The most expensive place to buy a cappuccino is Perth and the least expensive is Sydney.

If you think your coffee is already expensive, the news is that the price of coffee is likely to increase soon. Emerging markets like China, India and Brazil may start demanding more coffee, resulting in rising coffee bean prices (the key raw ingredient used to make cappuccino). Added to this is the drought in Brazil. Brazil supplies one third of the world's coffee so it's likely a shortage will drive coffee bean prices up.

National average price of a cappuccino



**Source 1** The average price of a takeaway cappuccino has increased by just over 7 per cent in recent years (Data derived from the Gilkatho Cappuccino Price Index™).

**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 make the 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, like 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

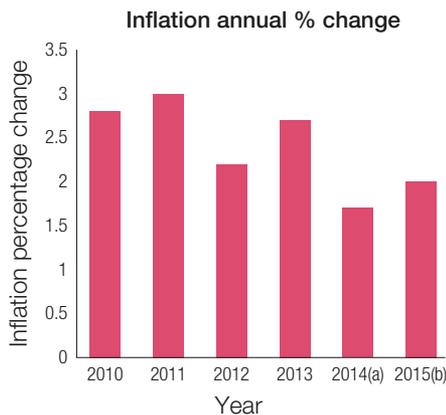
**Exporters** – as exported goods become more expensive, demand from overseas consumers will fall

**Source 2** Higher inflation rates affect purchasing power, adversely affecting some groups in our community, meaning some people benefit while others don't.

Businesses using imported raw materials may also have to pay more if the Australian dollar falls. An increase in oil or energy prices can also have a big impact on costs such as transportation for many businesses.

## Measuring inflation – the Consumer Price Index (CPI)

The Australian Bureau of Statistics 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 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 3** Compiled by the Trade Advocacy and Statistics Section, DFAT, using the latest data from the ABS, the IMF and various international sources

## Check your learning 5.2

### Remember and understand

- 1 What is inflation?
- 2 Why does inflation reduce our ability to purchase as much as before with the same amount of money?
- 3 What is a sufficiently low level of inflation according to the Reserve Bank of Australia?
- 4 How is inflation measured in Australia?

### Apply and analyse

- 5 Which of the following factors may contribute to an increase in inflation caused by strong demand?
  - a Consumer confidence falls.
  - b Business confidence rises.
  - c Interest rates rise.
  - d The government increases income tax.
- 6 Why would an increase in the cost of coffee beans lead to higher cappuccino prices?
- 7 Why are pensioners more likely to be affected by higher inflation rates compared to employed people?

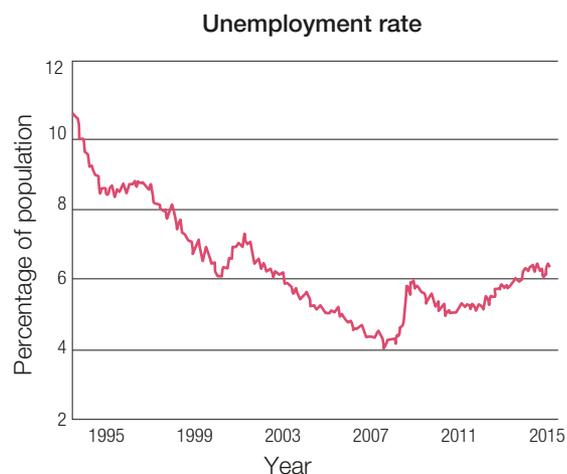
### Evaluate and create

- 8 Find out what hyperinflation means and give an example of one country that experienced it. Write a paragraph describing how it was affected.
- 9 Think of at least three items you have purchased in the past that now cost more to buy. Explain why the price for these items may have increased.

# 5.3 Measuring participation in the Australian economy – the unemployment rate

According to the Australian Bureau of Statistics (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 (who might mow lawns or deliver newspapers) to older people (who might work as school crossing supervisors or classroom assistants).

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. Source 1 shows that Australia's unemployment rate was over 10 per cent at the beginning of the 90s but in 2015 was just over 6 per cent.



**Source 1** Australia's unemployment rate fell from over 10 per cent in the early 90s to under 5 per cent in the mid-2000s. In 2015, it sits at just over 6 per cent.



## casestudy

### Will robots take our jobs in the future?

According to a recent 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. Automation is already impacting the mining industry, where half of the iron ore in the Pilbara is being



**Source 3** Robots are now used in many fields and industries such as medicine, manufacturing, the military and the police. This robot is being used by the Civil Defence Force in Singapore to defuse and dispose of a bomb during a training drill.

transported by driverless robots. One of the country's largest port operators, Patrick Stevedores, is also set to slash its workforce by employing driverless robots at the port.

The big advantage to **business** is the prospect of cutting labour costs and therefore remaining competitive on the world market. Australia's largest brickworks, Austral, now employs two robots that work 24 hours a day, 365 days of the year, stacking 75 million bricks. It would have normally taken ten men at a time working eight-hour shifts to complete this same amount of work.

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.

## Overall unemployment rate



Total population, aged 20–74  
ABS statistics released 2015



Youth unemployment rate  
2015 ABS



Older workers unemployed  
(aged 55 years and over)  
ABS statistics 2015



Unemployment rate for  
Indigenous Australians  
ABS statistics released 2014

**Source 4** Some key unemployment statistics in Australia in 2015

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 (e.g. unemployment payments) and welfare programs (e.g. social housing). There are, of course, a range of other social consequences associated with high unemployment rates, such as a reduced standard of living, loss of skills from the workforce, and the possible psychological effects of not working (such as depression).

It is useful to look at unemployment rates for various groups in society as an economic and social indicator of how well our economy is performing. Source 4 provides a snapshot of unemployment for various groups.

## Causes of unemployment

There are many causes of unemployment. When production or GDP is weak and spending in the economy has decreased, businesses may cease to hire new staff or cut back on staff in order 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 take their operations offshore (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.

### Check your learning 5.3

#### Remember and understand

- 1 How has the unemployment rate in Australia changed since the early 90s?
- 2 List some of the social consequences of unemployment.

#### Apply and analyse

- 3 Who out of the following people would be considered to be unemployed?
  - a Abbass wants to work but did not look for a job because he is busy painting his own house.
  - b Babette works for four hours after school on a Friday night.
  - c John lost his job but has been attending job interviews and is ready to start work any time.
- 4 Compare the total unemployment rate (Source 4) to the Indigenous unemployment rate. Why is this statistic concerning?

- 5 Jot down at least four examples where machines have reduced the need for labour.
- 6 What barriers might people aged 55 years and over have to gaining employment?
- 7 Why are lower levels of production likely to result in increased unemployment?
- 8 Explain how unemployment affects government revenue.

#### Evaluate and create

- 9 In pairs, brainstorm reasons why the youth unemployment rate is more than triple the total unemployment rate. See if you can think of any strategies to address this imbalance.
- 10 Read the following statement and write a paragraph responding to its message.

A business that doesn't take advantage of automation risks closing down and then no one will be employed in that business.

## 5A rich task

# Youth unemployment

The youth unemployment rate in Australia is more than 13 per cent – that's more than double the general unemployment rate according to ABS figures released in 2015. Some geographical regions, however, suffer higher rates of youth unemployment.

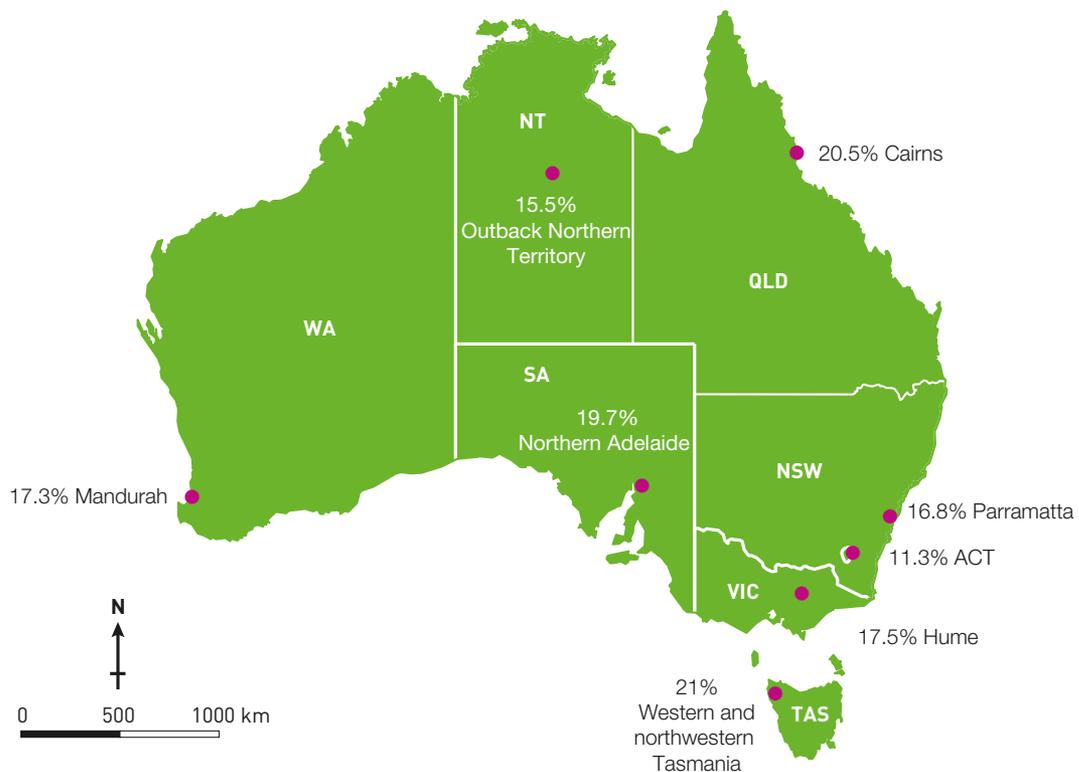
Technological change has contributed to youth unemployment. Jobs like working on a cash register, or becoming a sales assistant, a filing clerk or a typist are no longer as plentiful as they once were. This has meant that many young people have found it difficult to 'get their foot in the door' and gain 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 2** Work not only builds a person's self-esteem but their bank balance and future. While youth unemployment in Australia is more than 13 per cent, in Spain nearly half of those under 30 years of age are unemployed. Many young people in Spain have no hope for their future. This young man is writing 'Busco Trabajo', which means 'looking for work'.

## Youth unemployment around Australia



**Source 1** Western and northwestern Tasmania suffer higher youth unemployment than anywhere else in Australia, with Cairns affected almost as severely.

**skilldrill:** Reasoning and interpretation

## Formulating questions about an economic issue

Formulating questions is an important skill which 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, and a mixture of question types.

**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 youth more likely to be unemployed than others in a higher age brackets?’

**Step 4** Generate some open (or probing) questions – for example, ‘What are the consequences of youth unemployment?’

**Step 5** Formulate some questions that relate to the evidence surrounding an economic issue. For example, ‘What evidence is there that confirms youth unemployment is rising?’ and ‘What other sources might be needed?’

Use a table similar to Source 3 to guide you through the process of proposing questions. Remember to include a mix of the three question types already discussed.

### Apply the skill

- 1 Pick an issue about youth unemployment or propose an issue about youth unemployment yourself. Some examples are given here.
  - The social impact of youth unemployment
  - The economic impact of youth unemployment
  - Solutions to youth unemployment
  - Problems caused by youth unemployment.
- 2 Now that you have picked an issue propose an overarching question and fill in a table similar to Source 3. Conduct some Internet research to find out the answers to the questions you have proposed.

|  |                                  |
|--|----------------------------------|
| 1: Devise an overarching inquiry question  |                                  |
| 2: Make a list of what you already know about this issue and then create sub-questions related to each point | Sub-questions                    |
| 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 don't know about this issue and then create 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 |

**Source 3** Process for generating questions about an economic issue

## Extend your understanding

- 1 Explore the issue of Indigenous unemployment in Australia. Propose an overarching or broad question first and then fill in a table similar to Source 3 to help

guide you through your research. Use the Internet to find the answers to the questions you have posed.

# 5.4 Australia's economic scorecard

The performance of an economy is sometimes measured by how well it compares to other economies around the world. Australia ranked 12th in the world in terms of GDP (see Source 2) but is still a relatively small economy, responsible for around 2 per cent of the world's production. Let's look at how well Australia compares with other countries in terms of achieving low unemployment and inflation rates and higher economic growth.



**Source 1** Australia's long period of uninterrupted economic growth has contributed to the boom in high-rise building for offices and apartments, particularly in cities like Brisbane.

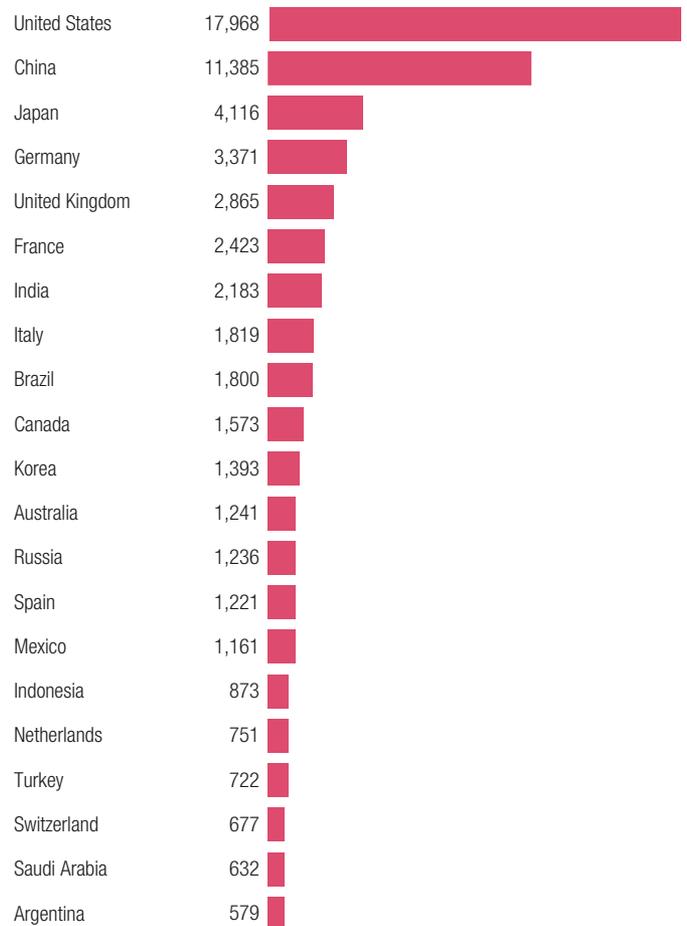
## The unemployment rate

Australia has a relatively low rate of unemployment compared to other countries (see Source 3). In 2014 it ranked the fifteenth-lowest out of 36 countries using unemployment statistics released by the **Organisation for Economic Co-operation and Development (OECD)**. Korea had the lowest unemployment rate (3.5 per cent) and Greece had the highest unemployment rate (26.3 per cent). According to Reserve Bank figures released in 2016, the unemployment rate in Australia is 5.8 per cent.

## Gross Domestic Product (GDP)

Australia has experienced uninterrupted economic growth over the past 25 years. This sets a record that has not yet been equalled by any other developed nation in the world. GDP fell in many developed countries during the Global Financial Crisis of 2007–2008 (a time when many businesses collapsed and consumer confidence was very low), but Australia was one of the few countries that still experienced positive economic growth. It is forecast that Australia's economy will continue to grow, with GDP forecast to increase between 3 and 4.5 per cent by June 2017.

**GDP 2015, current prices (billion USD)**



**Source 2** Gross Domestic Product 2015 – IMF World Economic Outlook (WEO), October 2015

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

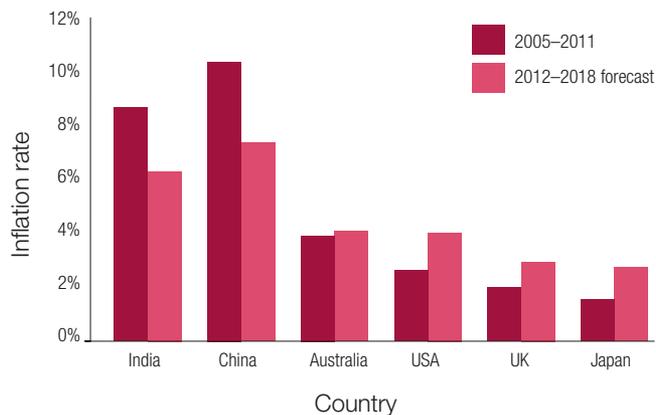
**Source 3** These unemployment rates indicate the percentage of the labour force that is unemployed and are **seasonally adjusted**. This means the data has been corrected to allow for some sort of comparison.

### OECD unemployment rates

| Country        | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (Feb figures) |
|----------------|------|------|------|------|------|------|------|--------------------|
| Australia      | 4.4  | 4.2  | 5.6  | 5.2  | 5.11 | 5.2  | 5.7  | 6.0                |
| United Kingdom | 5.3  | 5.7  | 7.6  | 7.8  | 8.1  | 7.9  | 7.5  | 6.6                |
| United States  | 4.6  | 5.8  | 9.3  | 9.6  | 9    | 8.1  | 7.4  | 6.7                |
| Germany        | 8.4  | 7.3  | 7.8  | 7.1  | 6    | 5.5  | 5.3  | 5.2                |

## Inflation

Source 4 shows the inflation rate for selected countries. Australia and trading partners such as China and the United States have experienced relatively low levels of inflation in recent years.



**Source 4** This graph is derived from the International Monetary Fund World Economic Outlook Database, October 2014, Austrade



**Source 5** When prices rise, we can no longer buy as much as we previously did for the same amount of money.

## Check your learning 5.4

### Remember and understand

- 1 Is Australia a large economy by world standards? Give an explanation for your answer.
- 2 Where did Australia rank in terms of its share of world GDP in 2015?
- 3 Where did Australia rank with other countries in terms of its unemployment rate in 2014?

### Apply and analyse

- 4 Refer to Source 4. Which two countries are forecast to achieve the highest economic growth in the period from 2015 to 2018?

- 5 How did the Australian economy perform compared to other countries during the Global Financial Crisis in terms of economic growth?

### Evaluate and create

- 6 How does the performance of the Australian economy compare to the performance of other economies? Write a short analysis based on your reading.

## 5B rich task

# The story behind our economic growth

Australia's good record in economic growth has largely been dependent 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 1** Australia has abundant natural resources, the exports of which have boosted our economy.

The *Inclusive Wealth Index* (IWI) measures whether our production is reducing the resources we need to produce goods and services in the future. Using the IWI, the growth rate of GDP per person was 47 per cent from 1990 to 2008 in Australia. When you take into consideration the effect it had on our natural resources (referred to as natural capital), GDP per person was reduced to 2 per cent.

'We need new indicators that tell us if we are destroying the productive base that supports our well-being.'

**Source 3** Partha Dasgupta and Anantha Duraiappah *Inclusive Wealth Report 2012*

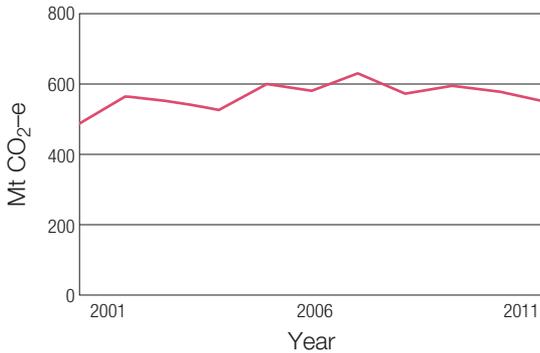
The Australian Bureau of Statistics collects data on measuring Australia's progress. Australia has regressed, or gone backwards, in the area of sustainably managing the environment. Source 4 shows Australia's net greenhouse gas emissions, up to 2011. Australia's net emissions have increased by 11 per cent since 2001, according to figures released by the ABS in 2013. Greenhouse gas emissions such as carbon dioxide and methane are released into the atmosphere and are caused by pursuing more production each year.

Source 2 provides in pictorial form, some of the future ramifications of increased greenhouse gas emissions.



**Source 2** An increase in greenhouse gas emissions has serious consequences.

Australia's net greenhouse gas emissions, excluding wildfires



Source 4 Measures of Australia's progress, 2013, ABS

## skilldrill: Reasoning and interpretation

### Preparing an infographic

An increasingly 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 information is clear and quickly accessible.

**Step 1** Decide on a topic and the message that you want to communicate to your audience. In the infographic in Source 2, for example, the key message is that production causes greenhouse gases and adversely affects the environment we live in.

**Step 2** Research your topic and collect data that helps to communicate your key idea. Try not to have too much data; don't include more than 10 key facts or numbers.

**Step 3** Use a simple picture to communicate each of your key facts as shown in Source 2.

**Step 4** Lay your graphics out in a logical way that links together the key ideas. Make sure your infographic is not too cluttered. Give your infographic a catchy title that communicates your message.

### Apply the skill

- 1 Design and present an infographic that compares the performance of the Australian economy with the performance of another country or countries. Use the statistics on pages 84 and 85 as the basis for your infographic. You may like to do some additional research on the Internet to find relevant statistics that enhance your infographic.
- 2 When completed, look closely at 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 anyone 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

## YEAR 10 Unit 1

### Enterprising behaviours and capabilities

# Living standards

Meet Australian twins, Sam and Anna, born 1 May 2016. According to the latest life expectancy figures, Sam will live until he is 80.1 years of age and Anna will live until she is 84.3 years of age. Because Sam and Anna are Australians, statistics show that they are likely to enjoy a high **living standard**. They are unlikely to experience extreme poverty.

Despite these statistics, Sam and Anna'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 regards to the economy, but the government must manage economic factors to ensure we continue to enjoy high living standards as a nation.



## 6A

Why do living standards vary around the world?

- 1 Brainstorm a list of all the things you need to have a good life.
- 2 Why are non-material factors such as having adequate leisure time or living in a clean environment important when considering living standards?
- 3 Why might some people enjoy a higher standard of living than others?

## 6B

What is the connection between economic performance and living standards?

- 1 Jen is a casual worker in a supermarket and has had her work hours reduced. How might this reduced income affect her spending?
- 2 If the government decides to increase taxes, how might this affect consumer spending?



chapter

6

**Source 1** Newborn twins Sam and Anna are Australians. Based on current statistics, they are likely to enjoy a high living standard compared to babies born in many other countries around the world.

# 6.1 Defining and measuring 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's like to live in that country in terms of the material and non-material wellbeing of its **citizens**.

The living standard of a population can be measured into two different ways: **material living standards** and **non-material living standards**.

## 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)**, (as discussed in Unit 5.1).

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. Producing goods and services provides citizens with employment, and therefore an income to buy goods and services that improve their lives.



**Source 1** Physical possessions such as cars and houses contribute to our material living standards.

## 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 (see Chapter 9)
- 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.

Non-material living standards are not as easily measured as material living standards. Some indicators, however, do attempt to include non-material living standards to assess overall wellbeing. For example, the **OECD Better Life Index**, which is explained below.

## The OECD Better Life Index

Gross domestic product 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 seeks to provide a more holistic picture of the true living standards of 40 different countries by measuring progress based on 11 criteria, one of which is the environment. Source 2 provides a snapshot of five of the 11 criteria used to assess wellbeing in just two nations: Australia and Chile.

## Source 2 How is life in your country?

| <b>What are living standards like in Chile?</b>   | <b>What are living standards like in Australia?</b>   |
|--|--|
| <p><b>Jobs:</b> Over 62 per cent of people aged 15 to 64 in Chile have a paid job.<br/><i>OECD average: 66 per cent</i></p>  | <p><b>Jobs:</b> Over 72 per cent of people aged 15 to 64 have a paid job.<br/><i>OECD average: 66 per cent</i></p>   |
| <p><b>Income:</b> The average household income is \$15 094 USD per annum.<br/><i>OECD average: \$29 016</i></p>  | <p><b>Income:</b> the average household income per capita is \$33 138 USD per annum.<br/><i>OECD average: \$29 016</i></p>   |
| <p><b>Education:</b> The average student scored 436 in reading literacy, maths and science in the OECD's Programme for International Student Assessment (PISA).<br/><i>OECD average score: 497</i></p>   | <p><b>Education:</b> The average student scored 512 in reading literacy, maths and science in the OECD's Programme for International Student Assessment (PISA).<br/><i>OECD average score: 497</i></p>   |
| <p><b>Health:</b> Life expectancy at birth is 79 years.<br/><i>OECD average: 80 years</i></p>  | <p><b>Health:</b> Life expectancy at birth is 82 years.<br/><i>OECD average: 80 years</i></p>  |
| <p><b>Environment:</b><br/><b>Level of atmospheric PM10:</b> (air pollutants that can cause damage to the lungs) is 46.2 micrograms per cubic metre.<br/><i>OECD average: 20.1</i><br/><b>Water quality:</b> 73 per cent of people say they are satisfied with the quality.<br/><i>OECD average: 81 per cent</i></p> | <p><b>Environment:</b><br/><b>Level of atmospheric PM10:</b> (air pollutants that can cause damage to the lungs) is 13.1 micrograms per cubic metre.<br/><i>OECD average: 20.1</i><br/><b>Water quality:</b> 91 per cent of people say they are satisfied with the quality.<br/><i>OECD average: 81 per cent</i></p> |

Source: OECD Better Life Index, 2015

## Check your learning 6.1

## Remember and understand

- 1 What does the term 'living standard' mean?
- 2 Give three examples of non-material living standards.
- 3 Refer to Source 2.
  - a Based on the criteria presented, which country has the highest living standard?
  - b Does Australia compare well in all criteria compared to the OECD average?

## Apply and analyse

- 4 Rate the following living standard criteria from 1 to 5 according to its importance to you. If you don't consider this criterion to be all that important when assessing living standards, rate it as 1, and rating it as 5 indicates you think it is extremely important.
  - 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 another classmate and explain why assessment of living standard 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 standard in that country to be high or low? Why or why not?

## Evaluate and create

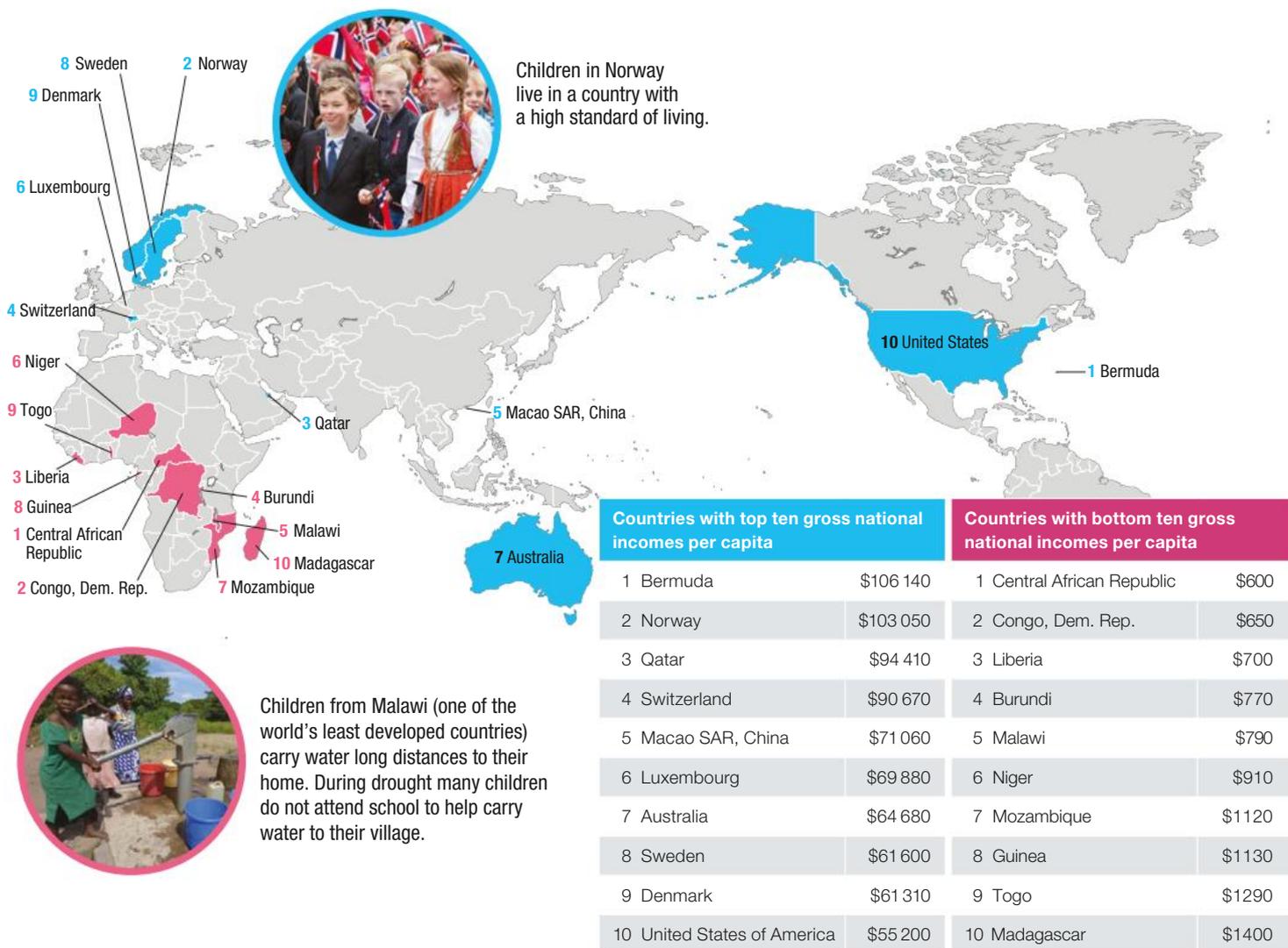
- 7 Create a similar table to Source 2 but choose another country to compare Australia's living standard with. Go to the OECD Better Life Index website for your research.

# 6.2 Factors that affect a country's living standard

If you had a choice, what country would you most like to live in? Many might choose Australia, because our living standard is high by world standards.

The income that citizens earn on average is an important indicator of living standard, 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.



Source: Gross National Income per capita 2013 (Data derived from the World Bank)

**Source 1** Why are there such huge variations in the living standard between countries?

## Why living standards vary from one country to another

During his lifetime, the **economist** Adam Smith (1723–1790) 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 government of all countries should only play a limited role in the economy.

Other economists believe factors such as a nation's **natural resources** have a bearing on the wealth that can be created and the living standard. As mentioned in Chapter 2, 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 standard.

The stability of government is another factor that is also 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 standard.

Many believe the main reason some countries enjoy a better living standard is due to labour productivity. Labour productivity is the amount of goods and services that a worker produces in a given amount of time. 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 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 firms to operate more efficiently.

### Check your learning 6.2

#### Remember and understand

- 1 How does earning a higher income lead to a better material living standard?
- 2 How do a country's natural resources affect its living standard?
- 3 How might political instability such as a civil war affect a country's ability to raise the living standard?

#### Apply and analyse

- 4 Imagine your class is told to make as many paper planes as they can in a lesson.
  - a If each student was paid for each plane, what might happen to the level of production of planes in the classroom?
  - b Explain the link between the profit motive and a country's living standard.
- 5 Decide which of the following factors might lead to increased labour productivity and then explain why it 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 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.

#### Evaluate and create

- 6 Select one of the lowest income-earning countries from Source 1 and conduct some research about that country on the Internet. Explain the possible causes for the country's low comparative material living standard and the effects of having such a poor standard.

## 6A rich task

# 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 poverty, is often found in developing countries such as Malawi. However, absolute poverty can be found in some remote Indigenous communities in Australia. 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 standard that we expect. There are many ways of measuring poverty, such as setting a poverty line where anyone who falls below a certain amount of income is considered to be in poverty.

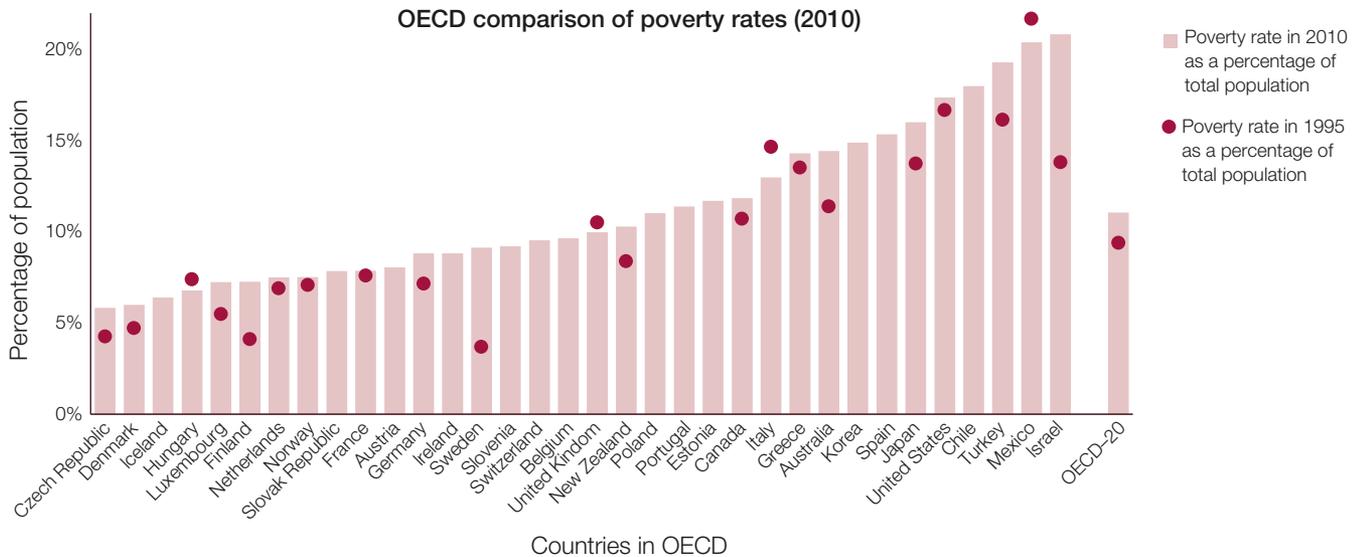
According to the Organisation for Economic Cooperation and Development's method of measuring poverty (see Source 2), 14.4 per cent of Australians live on an income that is less than half the median (middle) household income in Australia and are therefore said to live in poverty.

Some of the general reasons why some Australians fall below the poverty line include:

- not having paid employment – Indigenous Australians are three times more likely to be unemployed than non-indigenous Australians
- low levels of income – those relying on social security payments as the main form of income experience higher rates of poverty
- low levels of education which ultimately affect a person's ability to gain employment and earn income
- 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 or mental illness
- lack of access to affordable community services to assist the economically disadvantaged.



**Source 1** According to ABS census data from 2011, there are 105 237 homeless people in Australia.



**Source 2** This column graph shows that out of 34 developed nations, Australia ranked 26th in terms of its poverty rate in 2010. Australia has a lower poverty rate than the United States but a much higher poverty rate than some of the Scandinavian countries such as Denmark, with a 6 per cent poverty rate.

### skilldrill: Reasoning and interpretation

## Identifying causes and effects in economics

A cause is the reason an event, problem or success actually 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) and if we run on a wet floor we may slip and hurt ourselves. 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** Ask yourself what event, problem or success has occurred so you can isolate the effect.

**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 ‘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.

### Apply the skill

- 1 Read the information provided 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. Access the link in your obook and go to the *Live below the line* website. Try living on \$2 a

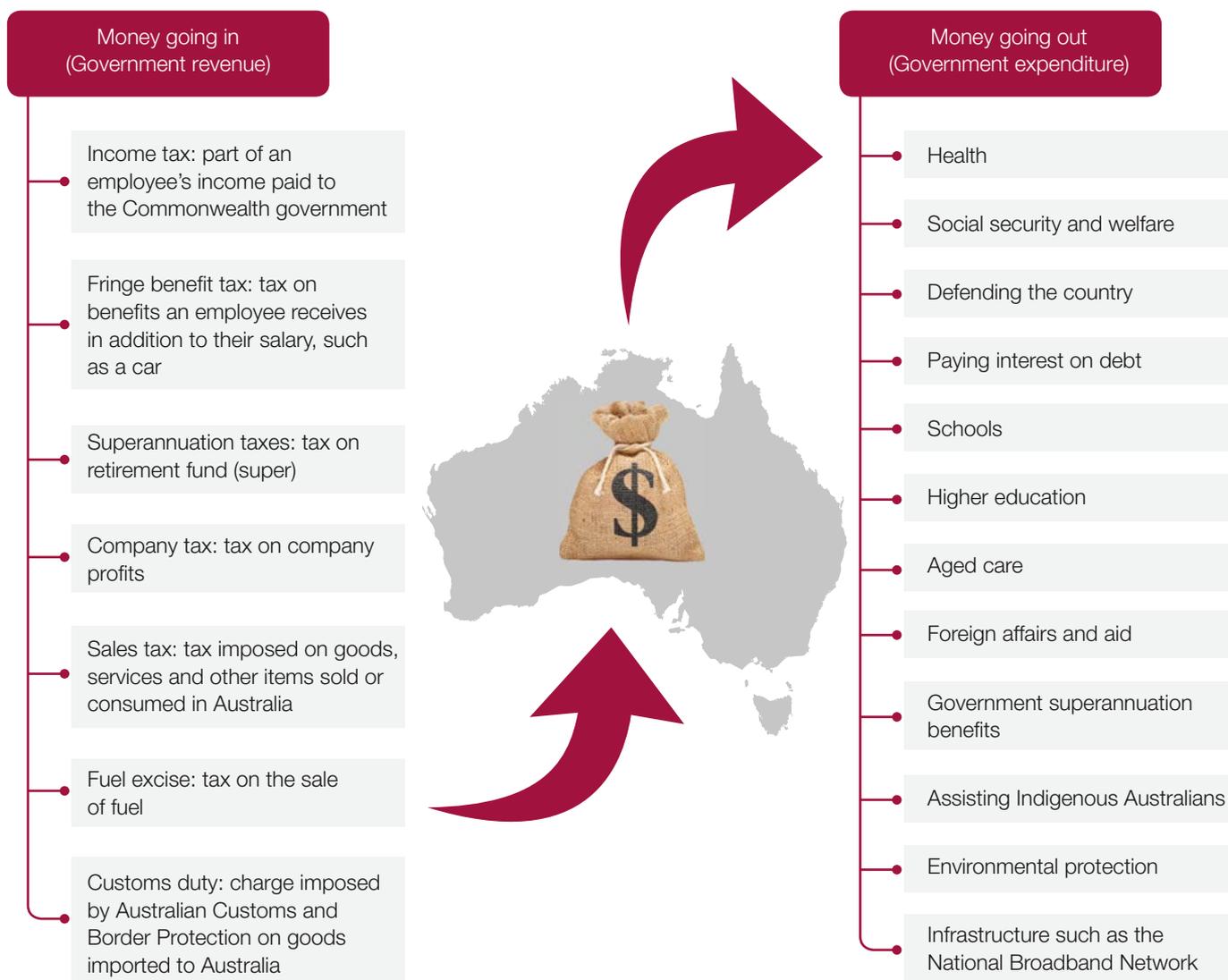
day for five days. Describe what you ate and what the experience has taught you.

## 6.3 Policies to improve living standards

Improving living standards is a key economic goal of many countries. This is mainly because a higher living standard leads to a stronger and more prosperous nation – and a stronger and more prosperous nation in turn maintains a higher living standard. When the citizens of a country are employed and earning an income, more goods and services can be purchased. Government **revenue** earned from taxes paid by workers (from the money they earn and the products they buy) can then

be used for services such as education and healthcare. These government services benefit us all.

The government of any country is constantly making economic policy decisions – outlining actions that need to be taken in order to manage different aspects of the economy. Let's first look at **macroeconomic policy** – economic policy that affects the whole of the nation – such as budgetary policy and monetary policy.



**Source 1** The federal, or Commonwealth, budget is like any other budget that itemises money coming in from and money going out.

## 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 budget (usually in the month of May) which provides a plan of the government's revenue and spending. Source 1 outlines the revenue that the government receives and the areas in which it spends this revenue.

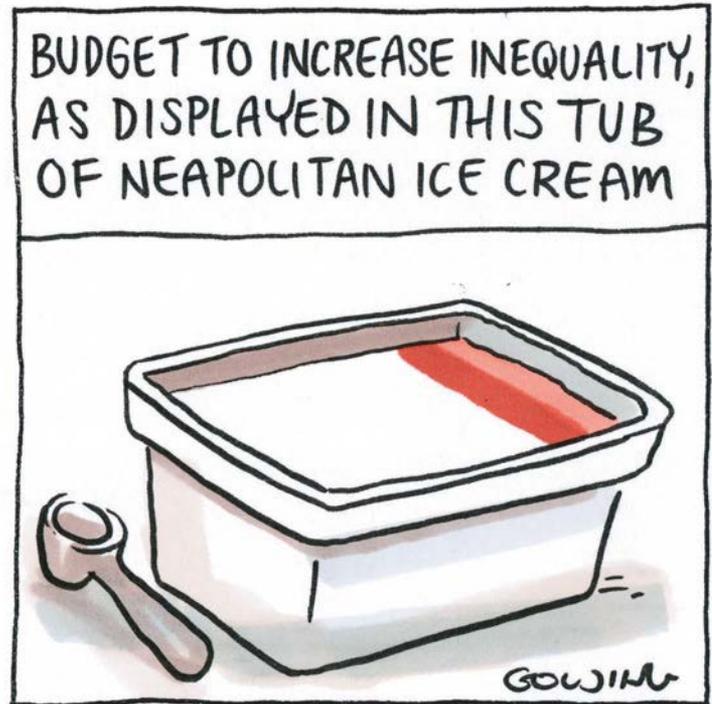
The federal budget affects the living standards of all Australians. If taxes increase or spending on services and welfare are changed, it can affect each person's personal budget. There are three different budgets the government may hand down depending on the economic circumstances.

- 1 A **balanced budget**: government revenue is exactly equal to expenditure.
- 2 A **deficit budget**: government revenue is less than government expenditure. In simple terms it means the government expects to spend more than the revenue it has received.
- 3 A **surplus budget**: government revenue is greater than government expenditure. This means the government expects to receive more revenue than it has spent.

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 taken out. This tends to increase consumer and business spending, and therefore production of



**Source 2** The federal budget can affect your personal household budget, depending on the government's revenue and spending plans.



**Source 3** Cuts to spending have to be made in order to reduce a budget deficit or return a balanced or surplus budget. Spending cuts, particularly in relation to unemployment benefits and the disability support pension, can disproportionately hurt poorer Australians.

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 of goods and services. This causes prices to rise. At the time of the global financial crisis of 2007–2008 many governments around the world (including our own) tried to 'kick start' their economies through 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. When the Liberal–National Party (LNP) Coalition was elected they vowed to reduce the budget deficit and repay debt, believing the country should live within its means. The LNP Government plans to return the budget to surplus in future. If there is an economic downturn the government believes reducing the budget deficit will put them in a better position to increase spending to stimulate the economy.

Returning the budget to surplus means some areas of expenditure have to be cut. This may include cutting expenditure on welfare payments for the unemployed.

## case study

### Why should the government support small business?

Ninety-six per cent of all businesses in Australia are small businesses. The Fair Work Commission defines a small business as one that has fewer than 15 employees. Small businesses are important to the overall health of the economy, employing more than 4.5 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.

One specific tax measure many small businesses are excited about is the opportunity to get a tax deduction on any asset costing less than \$20 000

(available until mid 2017). It is hoped that this will stimulate the economy as small business owners buy equipment such as printers, computers and cars.



**Source 4** As the mining boom comes to an end, it is hoped that small businesses will strengthen the economy.

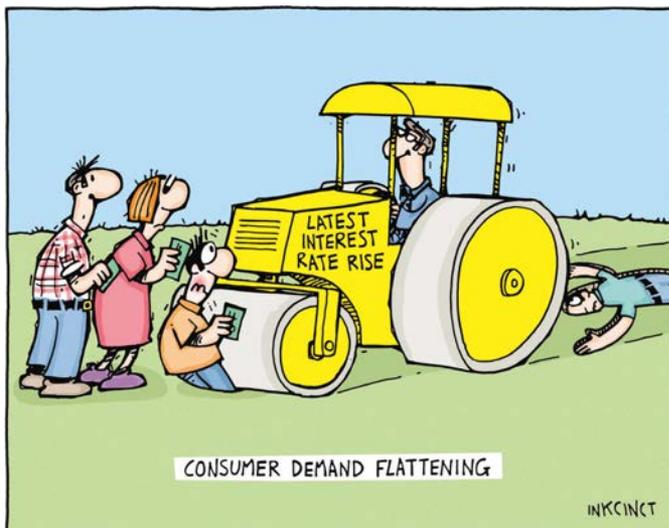
## Monetary policy

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.

Changes in interest rates affect living standards. If interest rates rise, demand for goods and services may be curbed, as consumers and businesses who

have borrowed money 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 (see Source 5).

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. Unfortunately, this reduced spending in the economy may reduce inflation but possibly lead to higher unemployment.



**Source 5** When the RBA raises interest rates, spending in the economy will be affected.

## Microeconomic policy

**Microeconomic policy** is policy that 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.

### Trade liberalisation

**Trade liberalisation** involves opening up markets for free trade so that countries can trade without restrictions. Trade restrictions include **tariffs** (a tax on an imported goods), **subsidies** (payment by the government to producers to support their **business**)

and **import quotas** (restriction on the quantity of imported items). 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.

## Deregulation

**Deregulation** is the removal of government regulation (rules) in a certain area of the economy. For example, wool growers were once guaranteed a minimum price for their wool by the government but this policy was abandoned more than twenty 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.

**Source 6** Enterprise agreements are negotiated between employers and employees in many workplaces. This gives both sides the chance to gain improvements in conditions.

## Labour market reform

**Labour market reform** has seen a movement away from government institutions determining wages and working conditions to a system where wages and working conditions are determined directly at the enterprise level between employers and employees. Through negotiating what is called an **enterprise agreement** (refer to Unit 4.3) the employer may gain improvements in work efficiency and the employee might gain better benefits and more flexibility.



## Check your learning 6.3

### Remember and understand

- 1 What is the difference between a budget surplus and a budget deficit?
- 2 Explain what trade liberalisation is and how it may be beneficial to Australians.
- 3 Why are small businesses important for the Australian economy?

### Apply and analyse

- 4 Is the RBA 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.
- 5 What type of budget would be appropriate if a severe economic downturn is predicted, spending has slumped and growth in the economy has declined?
- 6 Inequality results when resources are unevenly distributed among people. Why might returning the budget to a surplus in the long term cause some groups in society to suffer?
- 7 Why do you think the government wants to encourage small business in Australia?

### Evaluate and create

- 8 Refer to Source 5 and examine the cartoon. What point is the cartoonist trying to make about the effects of budget cuts?
- 9 Conduct some research about areas where expenditure in the latest budget has been cut. Draw a cartoon, create a photographic image or a word cloud that illustrates the effects these recent budget cuts may have.

## 6B rich task

# Climate change and living standards

Climate change refers to the long-term trend or shift in climate over many decades. The long-term climate trend shows that the world's atmosphere and oceans are getting warmer; that is called global warming. Since 1910, Australia's average air and ocean temperatures are almost a degree warmer, and most of this increase has occurred since 1950.



**Source 1** Finding a solution to climate change has been a challenge for politicians such as US President Barack Obama.

## The effects of global warming

As previously mentioned in Chapter 5, greenhouse gas emissions have serious consequences. The projected effects of the change in climatic conditions for Australia includes an increase in the number of extreme fire weather days in southern and eastern Australia, an increase in the severity of cyclones, more hot days and drought in southern Australia. Those in the midst of cyclones, fires and drought will find their living standard change and 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 bushfire and flood costs.

## Environmental policy

Governments can take action to reduce carbon dioxide (CO<sub>2</sub>) 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** introduced by the Labor government in 2012 and axed by the LNP Coalition government in 2014, involved forcing polluting companies emitting more than 25 000 tonnes of CO<sub>2</sub> 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.

Successive polls between 2006 and 2012 by the Lowy Institute revealed declining concern about climate change. The latest poll taken in 2015 has, however, seen this trend reverse with more Australians concerned about climate change.

Policy in relation to how businesses pay for the pollution they cause has been controversial. Whatever scheme is used, businesses will be paying for their pollution. This extra cost pressure 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 scrapped by the LNP Coalition government, as it was thought to cause an unnecessary burden on the cost of living for all Australians. The Australian government aims to reduce emissions by 26–28 per cent below the 2005 levels by 2030. A new global agreement on emissions (referred to as the Paris Agreement) was struck at the Paris UN climate change conference in December 2015, with nearly 200 countries agreeing to take action to reduce greenhouse gas emissions.

**skilldrill:** Reasoning and interpretation

## Presenting an oral report to an audience

Presenting an oral presentation is an important skill to master.

**Step 1** Decide on a topic that will interest both you and your audience. Consider your audience and think about what they already know about the topic. 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 of these sources. Try to find visual material and perhaps even audio resources that may add variety to your presentation.

**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 some visual 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 pitch and tone. Stand up

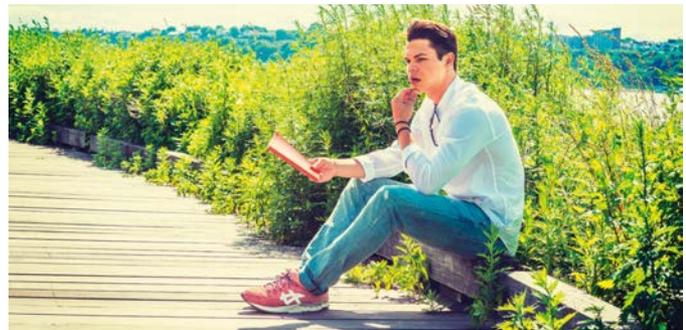
straight, keep your hands out of your pockets and don’t lean on a desk.

**Step 7** Invite your audience to ask questions and do your best to answer them. If you are unsure of an answer don’t make something up, just answer as best you can.

### Apply the skill

**1** Prepare and deliver a verbal report on an aspect of climate change and living standards. Your report must be supported by visual material and include responses to questions asked by the audience. Here are some possible topics to choose from, or you may like to develop your own.

- Australia’s greenhouse gas emissions compared to other countries
- Why climate change will lead to lower living standards
- The UN Paris Agreement 2015 and what it seeks to achieve
- How emissions trading schemes and a tax on carbon work in order to reduce greenhouse gas emissions



**Source 2** Practising and preparing your presentation in your own time can help you feel more confident.

## Extend your understanding

Do some further reading on the Millennium Development Goal target to ensure environmental sustainability beyond 2015 before answering the following questions.

**1** Research the Millennium Development Goals fact sheets online. List three goals which have been achieved and three which have not reached the targets.

**2** Which regions of the world seem least likely to reach the Millennium Development Goals? Which seem most likely? Why do you think these differences exist between world regions?

## YEAR 10 Unit 2

### Work and work futures

# 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. The co-founders of Twitter, pictured here, had two weeks to come up with new ideas after they realised their product, called Odeo (a network used to subscribe to podcasts), was unlikely to work because of the growing success of iTunes. Their innovative business idea was Twitter, which now has over 300 million active users.

Although Twitter has been successful, it must continue to change if it is to remain a viable business, by boosting the number of users and increasing its advertising sales.



## 7A

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

- 1 Do you know of a business that has closed down? Why did it close?
- 2 Why is competing in a global marketplace a threat to some businesses and an opportunity for others?
- 3 Why might the employees of a business be its most important asset?

## 7B

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

- 1 Why do you think fast food chains regularly change the products on their menu?
- 2 Why do you think the iPhone has been a business success?
- 3 An innovative idea may lead you to change the way you do something such as homework or travelling to school. Think of something you do every day and how you could do it faster or better.



chapter

7

**Source 1** Twitter co-founders (front row, from left) Jack Dorsey, Evan Williams and Biz Stone are seen here at the New York Stock Exchange. Twitter is one of the most visited social media platforms today, but it must continue to innovate if it is to remain a viable business.

# 7.1 Gaining a competitive advantage

A **competitive advantage** gives a business the ability to outperform other similar businesses in a market. The business is able to better satisfy the **consumer** than other similar businesses and this may result in increased sales and **profit**. Profit is the revenue a business receives minus any expenses such as the cost of raw materials, the cost of labour (wage costs) and taxes.

Businesses that gain a competitive advantage have worked out how to best satisfy the consumer – the buyer of their good or service. There are several methods a business can use to gain a competitive edge.

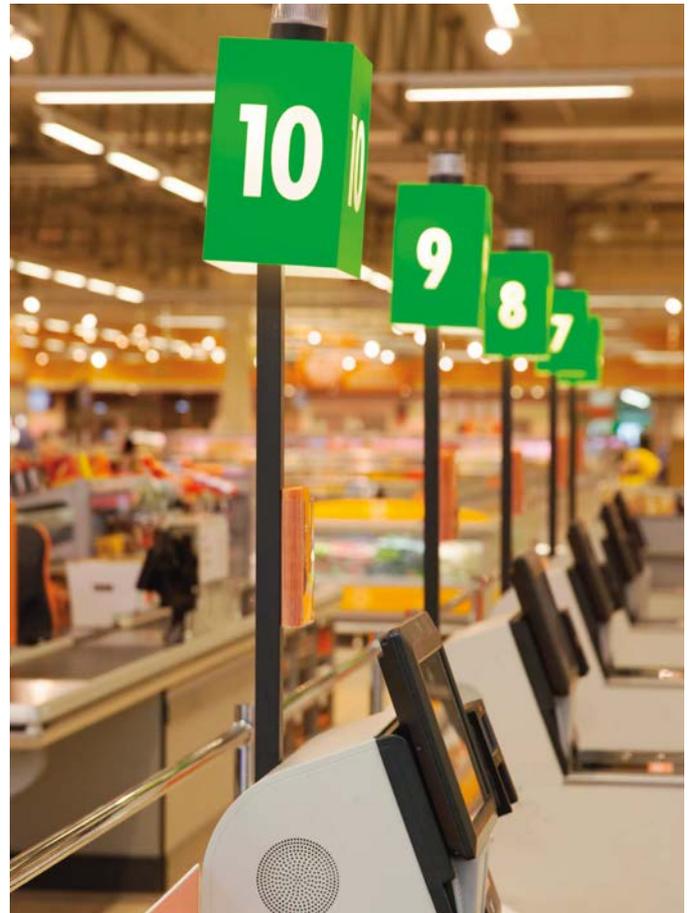


**Source 1** Some businesses strive to gain a competitive edge by creating something entirely new in the market. They stand out from the crowd because their business idea is unique. Nick D'Aloisio, an Australian-born entrepreneur, created an app called Summly from his London home when he was just seventeen. Summly summarises news for smartphones. The technology behind it was sold to Yahoo for millions of dollars.

## Offering the consumer a better price

Lower prices are an important way of enticing the consumer to buy goods and services. Some businesses are able to 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. Self-scan checkouts in supermarkets, for example, may reduce the need for employees to work on a checkout (see Source 2). Sourcing cheaper materials from suppliers may be another method of cutting production costs.

Larger businesses have the advantage of lower costs of production because it is cheaper to produce larger



**Source 2** Self-service checkouts such as this are one of the ways in which businesses can use technology to reduce their labour costs, in an attempt to offer consumers cheaper prices on the goods they sell.

volumes of goods or services than smaller volumes. This is referred to as **economies of scale**. The reason for this is that firms have fixed production costs such as equipment, advertising and marketing costs. Consider a cake manufacturer, who has the capacity to cook 10000 cakes per day. The electricity costs of using ovens might be the same whether 8000 cakes or 10000 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, has recently outsourced the heavy 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 services, but a business may also decide it is in their interests to lower prices, accepting lower profits in order to ensure continued sales, and ultimately the survival of their business.

## Making the consumer aware of the product or service

In order to buy a particular product or service, 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 such as websites, social networks, television, print material such as newspapers and magazines, or even product placements in film and television.

## Offering consumers better quality or perceived quality

There are some goods and services that many consumers are willing to pay more for because of their quality. There are many different aspects of quality. 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 does break 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?



**Source 3** Next time you're browsing your favourite website or watching your favourite TV show, see if you can detect any product placement.

## Would you buy a bag for \$5000?

What makes a customer buy a luxury handbag for nearly \$5000 when they could buy a handbag for less than \$50? Some say you pay for quality and craftsmanship. But is a well-made quality handbag that costs close to \$5000 really worth it?

For some customers, the worth may be in a combination of beautiful craftsmanship, the aesthetics (how the leather feels, looks and smells) and the bag's features – whether it is versatile, allowing the customer to remove the straps and carry it in different ways, for example.

However, there may be something else that the customer is buying when they buy such a handbag



**Source 4** Louis Vuitton is an example of one of the world's biggest luxury brands. The company sells a range of luxury products, such as handbags, luggage, small leather goods, shoes, stationery, timepieces and jewellery.

– perceived value. This is intangible and cannot be measured. It may be about how that 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. Examples of well-known global brands include Apple, Google, IBM, Microsoft, General Electric and McDonald's. Source 5 lists the top seven luxury brands. Do you recognise any of them?

**Source 5** Best luxury brands in 2013, according to Interbrand's top 100 brands

| Rank in top 100 brands | Brand name    | Brand value (\$m) |
|------------------------|---------------|-------------------|
| 17                     | Louis Vuitton | 24 893            |
| 38                     | Gucci         | 10 151            |
| 54                     | Hermès        | 7 616             |
| 60                     | Cartier       | 6 897             |
| 72                     | Prada         | 5 570             |
| 75                     | Tiffany & Co. | 5 440             |
| 77                     | Burberry      | 5 189             |

## Being more responsive to consumer needs

Being responsive to consumer needs may be as simple as bringing products to market 'on time'. The motor-mechanic that is known for their quality work will soon grow 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. Depending on the product, many customers need staff that have product knowledge. After-sales service is also important.

Businesses can improve their customer service by ensuring 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 customer service and fast delivery. Businesses who produce new products in response to consumer needs, such as Nick D'Aloisio did, also gain a competitive edge. Many consumers also 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 favourable 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 71 per cent of the national food market share in Australia.

## Check your learning 7.1

### Remember and understand

- 1 What is the main advantage of a business obtaining a competitive advantage?
- 2 List five ways a business might reduce their production costs in order to obtain a competitive edge.
- 3 What is the difference between quality and perceived quality?

### Apply and analyse

- 4 Each of the eight dimensions of quality consist of a question. Answer each question in relation to a product you were given for your birthday or at Christmas.
- 5 Why is a brand so important when it comes to selling luxury goods?
- 6 Consider the goods you buy. Explain why you buy these goods. Do you think it is because they are considered to be cool?

### Evaluate and create

- 7 Pick a food product and have five people undertake a blind taste test. Choose at least three different brands of the same food and ask five blindfolded testers to rate each from one to three, with one being the best rating.
  - a What was the most expensive product out of the three and what rating did the taste testers give it?
  - b What have you learnt from this experiment about the power of brands?
- 8 Describe when you were last given poor customer service in a store and how the business could improve in this area.
- 9 Look in your pantry, laundry or bathroom cupboard and list any products that claim their product is superior because of the ethical way it was produced. For example, the label claims the product is environmentally friendly. Do you think these claims are true? Why or why not?

## 7A rich task

# Undertaking a small business venture

Successful business ideas can sometimes be so simple. Setting up a sandwich shop hardly seems extraordinary but for Fred DeLuca, co-founder of the SUBWAY® chain, fresh and healthy sandwiches proved to be a phenomenal business success.

Fred was just seventeen years old when he set up his first sandwich shop in Connecticut 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 learned that a visible location and marketing were key factors to success.

Today there are more than 30 000 SUBWAY® outlets in 87 countries. In Australia there are over 1200 SUBWAY® restaurants with plans to open more **franchise** stores in the future. A franchise gives an individual business the permission to market and distribute another firm's goods or service and use their business name for a fixed period of time.



Source 1 Subway franchises are popular in Australia.

**skilldrill:** Reasoning and interpretation

## Planning and conducting a small business venture at school

This activity gives you a chance to practise your business skills by running a small business. It is important that anyone embarking on a business venture conducts proper planning before commencing their business, to ensure success. Many small businesses fail because of:

- inability to manage costs
- inexperienced management
- inadequate or no business plan
- insufficient funds to commence the business.

Sources 2 and 3 provide a guide to help plan a small business venture at school. If setting up a more extensive business, a proper business plan should be undertaken.



### Organising your small business venture

|                |  |
|----------------|--|
| Big picture    | What are you selling?<br>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)?<br>What will you charge?<br>Will you make any profit<br>(cost-revenue earned from sales = profit)? |
| Marketing      | How will customers learn about your business venture? 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 venture?  |
| Success        | Why is your small business venture likely to be a success?   |

**Source 2** Some basic steps to guide you in your small business venture

**Source 3** It is best to itemise the steps involved in producing and marketing your good or service, determine how long each step will take and who will carry out each task.

| Steps involved in producing your good or service AND marketing it | How long will this take? | Who will undertake this? | Where will your business venture be undertaken? |
|---|--------------------------|--------------------------|---|
| 1   |                          |                          |   |
| 2   |                          |                          |   |
| 3   |                          |                          |   |

### Apply the skill

- Undertake your own small business venture, either individually or in groups. Remember that this is a small business venture, and so you should be able to complete in a reasonably short time frame. Consult with your teacher about the time frame you will work to. Your business venture could be as simple as setting up a second-hand goods stall, holding a concert, making and selling birthday cards or providing a service, such as gardening. Use Sources 2 and 3 to help you plan your small business venture.

### Extend your understanding

After you have completed your small business venture, evaluate how you went by answering the following questions.

- Do you think you charged the right price for your good or service? If not, what price should you have charged?
- What were the overall costs of the business venture 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?
- What marketing did you undertake and was it successful?
- Do you think you provided good customer service? Give reasons for your answer.
- What were the business ventures that seemed to be really successful in the class overall? Explain why you think they were successful.

## 7.2 Innovation in business

**Innovation** is changing an existing process or product so that it is more effective than ever before. In Unit 4.2 we saw how Stuart and Cedar Anderson's creation of the Flow Hive allows honey to be collected more efficiently. It is important to understand that innovation can be used in many parts of a business to create a competitive edge. Let's first look at how innovative ways to market a product can lead to business success.

### Innovation in marketing

A company's **marketing** methods can influence a consumer's decision to buy a product. Marketing is conveying the value of **goods or services** to a customer in order to sell that product to them. Marketers 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 set about

#### case study



**Source 1:** By allowing for more flexible rates and launching an app, traditional taxi companies can compete with Uber.

### How can businesses respond to changes in the economy?

In order to survive in today's global economy, businesses must be flexible and be ready to make changes to their business model to respond to changes in the economy and the introduction of new technologies.

New ride-hailing companies, such as Uber, have been challenging traditional taxi companies in cities around the world. The lack of regulation and requirement for expensive permits has allowed these companies to keep prices significantly lower than their competitors in the regulated taxi market. In many

places, including Australia, struggling taxi businesses have urged their government to start regulating companies like Uber, or even force them to cease operating.

In Long Beach, California, U.S.A., the council chose a different approach. They allowed the company holding the city's franchise taxi agreement, Long Beach Yellow Cab, to change their pricing system to become more like Uber's. By increasing the number of cabs in their fleet, changing their prices based on supply and demand and offering free rides to new customers, Long Beach Yellow Cab were able to compete with Uber and survive in the market.

creating goods or services that meet consumer needs better than other competitors in the same market.

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 religion. To illustrate, McDonald's does not sell beef and pork products in their Indian restaurants because of Hindu and Muslim beliefs.

**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 in the event of their death the person's family is paid a lump sum to cover funeral expenses.

A technique called **positioning** is also used by marketers. This technique aims to create a distinct image for the product that differentiates it from other similar products on the market. The benefits of the product are communicated to the consumer as well as how unique that product is. For example, chocolate-covered popcorn called 'chocorn' (see Source 3) has managed to gain consumer attention among other snack foods because consumers see it as a new and distinct product.

A consumer's buying habits may be influenced by the following:

|                             |  |
|-----------------------------|--|
| 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 or service at a particular segment of the market.

## Innovation in business culture

Each business will have its own particular way of conducting business. The 'culture' of each 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 (the amount of goods and services that a worker produces in a given amount of time) is likely to be higher.

Businesses that have an innovative business culture take active steps to ensure creativity is encouraged within their business. 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 case study on page 112) is a UK company that has a different way of conducting business, which has contributed to its business success.



**Source 3** Garth Midgley came up with his chocorn idea when he accidentally mixed his chocolate icecream with popcorn at the movies.

## casestudy

### Would you like to work for this business?

Imagine working for a business that divides a percentage of its annual profit among the people who work in the business. At John Lewis, a chain of upmarket department stores in the UK, this is exactly what happens. The 91 000 employees (who are referred to as 'partners' rather than 'employees'), each own a share of the 31 John Lewis department stores and 319 Waitrose supermarkets in the United Kingdom.



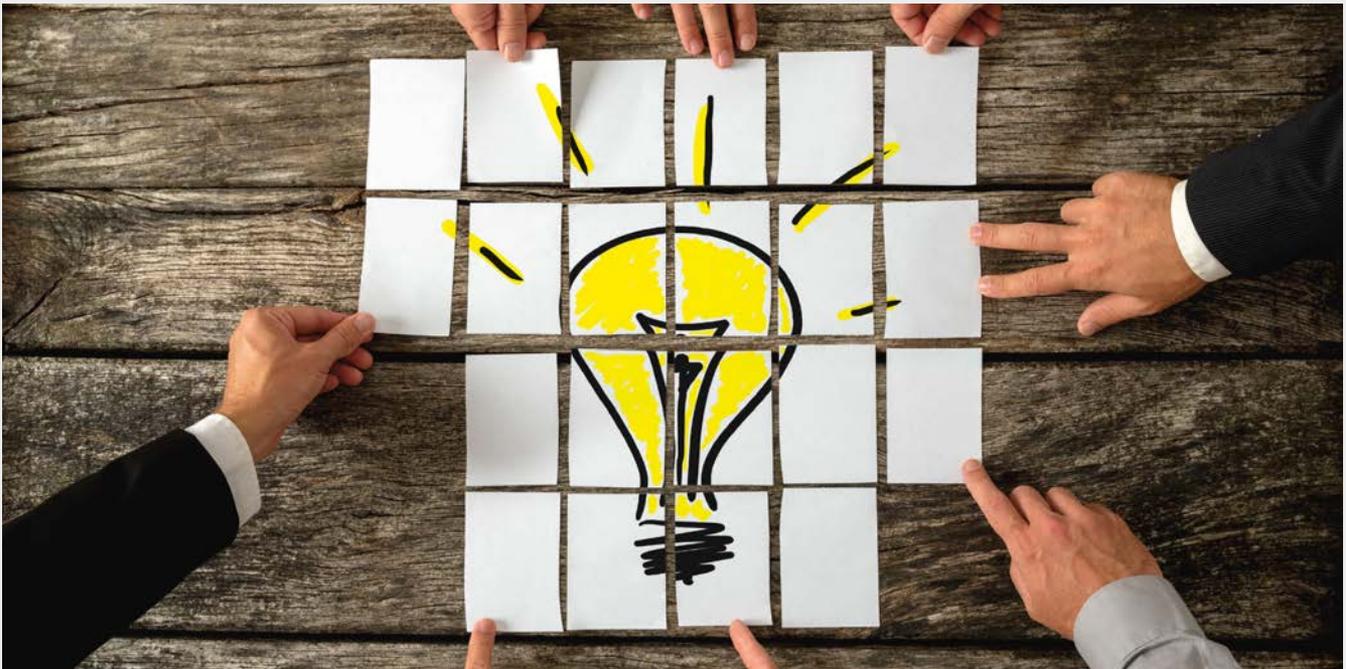
**Source 4** Employees or 'partners' at John Lewis find out about their annual bonus, which is linked to the business's performance.

All workers, from top management to cashiers, receive the same percentage cash bonus each year, provided that the company makes a profit. In 2013 this amounted to 15 per cent of each worker's annual pay; an amount roughly equivalent to eight weeks' wages.

The radical idea to give employees a share of the profits came from John Spedan Lewis (1885–1963) who began distributing profits to employees in his stores in 1926. The John Lewis department stores and Waitrose supermarkets have been a financial success, with both increasing their share of the market for the fifth consecutive year. The chairman of John Lewis, Charlie Mayfield, believes that ownership by the partners played a key role in the business's success.

Employee ownership is popular in the United States, Britain and Europe but is yet to catch on in Australia. Research suggests that there are significant productivity gains to be made through employees owning a share in the business they work for.

John Lewis' business success cannot only be attributed to its profit share policy. The company has been leading the charge in online retailing and actively uses technology to appeal to its customers. In-house staff have just produced an app that shows a sofa in 3D, where the shape and colour of the fabric can be changed to give the customer a more informed choice.



**Source 5** Innovative ideas can sometimes occur when many people work together on a project.

## Innovation in business processes

All businesses use a number of processes to create a product (either a good or service). A process is a series of tasks or actions. **Business processes** must be efficient or productivity will decline. If you have ever waited a long time for a meal in a restaurant it may be because the process of ordering a meal could be more efficient (see Source 6). To use another example, if a shop regularly runs out of a product it may be because the process of keeping track of its 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 at the right time without the need to hold vast amounts of stock, thus reducing storage costs and the possibility of waste or damage to stock.



**Source 6** Tired of seeking the attention of waiting staff himself in restaurants, restaurateur Noel Hurwick came up with the idea of an interactive table. The customer chooses from the menu by tapping the touchpad on the table and the order is sent straight to the kitchen.

### Check your learning 7.2

#### Remember and understand

- 1 What is innovation?
- 2 Why is the UK business John Lewis considered to be an innovative company?
- 3 Why would marketers use different techniques to influence the buying choices of consumers?
- 4 Describe two marketing techniques commonly used to influence consumers.

#### Apply and analyse

- 5 In order to make a product or service more effective it is useful to think about the problems that might be experienced 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. Think of at least three products or services that you use that have been improved or could be improved.
- 6 What particular market segment or segments would the following products likely appeal to:
  - a shaving cream
  - b hairspray
  - c walking frame
  - d Nike runners
  - e outdoor heater.

- 7 Think of two products you have purchased and explain how these products have been specifically marketed to consumers in your age group.
- 8 How did Coca-Cola manage to increase sales through the 'Share a Coke' campaign?

#### Evaluate and create

- 9 Read the following cases and give each business owner some ideas on how to be more effective in their business.
  - a Maree owns a bakery but has noticed that the bakery at the end of the street is much busier than she is. Maree has been making the same cakes since she started the business three years ago and has not changed anything about the shop.
  - 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 to his website and realises that his business is just not being seen. He set up a survey to get customer feedback and one customer said she had trouble visualising what the stamp looked like, so wouldn't 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 and the photography is very unappealing.

## 7B rich task

# The importance of innovation in business

Innovation can be the key to business success. Take the Rubik's Cube, for example, invented by sculptor and professor of architecture Ernő Rubik in 1974. We had all seen puzzles before, but not a 3D combination puzzle that was so entertaining it became the best-selling puzzle game in the world.

Innovation isn't always about the creation of novel (i.e. new and original) products such as the Rubik's Cube, though. Innovation can be used in all businesses to add value to existing products and services. For example, we all need and are familiar with shoes, but normally we buy them ready-made in a shop or online. One Australian business called Shoes of Prey is changing the way we think about shoes, as customers can design their own shoes, choosing the shape, colour and height of their shoes, which are then custom-made and delivered.



**Source 1** The Rubik's cube is an example of a novel innovation that has enjoyed huge commercial success.

Product or service 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 service, or be left behind. One small business operating a 1950s clothes shop in the historic country town of Braidwood in NSW understands the importance of innovation. The co-owner of the business, Michelle Watkins-Sully, knew the business could not survive on local custom alone, so set up an online store to capture customers further afield. The business has also used social media to build a strong customer base.

Innovative products or services that allow other businesses to reduce labour costs, reduce materials needed to make a product, or reduce environmental damage are much sought after. Japanese scientists have just unveiled their first robotic newsreader that has perfect language skills and can read the evening news (see Source 2).



**Source 2** The world's first robotic newsreader was unveiled in Tokyo in 2014.

**skilldrill:** Reasoning and interpretation

## Being innovative in business

You may not have ever thought about innovation as a skill before, but like many aspects of business, it is something that can be learned, practised and improved upon. A business that strives to add value to its product or service 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 not only to produce good products but to produce them in a cost-effective way.

Roger La Salle is an innovation expert and has developed a 'four seeds' approach to product innovation. This approach provides a structure that can be followed to help a business find innovative ways to improve its success, 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 or service. How can the product be changed for the better? (Seed 1)
- Step 2** Add accessories. It's not just the product that is important, it is the accessories, such as the iPad cover or the mobile phone holder, that 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 along with it are offered for purchase as well. (Seed 3)
- Step 4** Enhance the sales channels. A sales channel is a business's access to a customer. You might have heard a salesperson ask you whether there is anything else they can do for you. 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)

## Apply the skill

Practise your innovation skills by devising a new way to produce each product or service outlined in the table on the following page (Source 3, first column).

The following task focuses on Seed 1 from La Salle's 'four seeds' approach that relates to changing a product or service. Here are just some of La Salle's suggestions to get innovative ideas flowing.

- 1 Make a wish for the product.** For example, if you 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 or service listed in the first column and put your answer in each row of column 2 of Source 3. The first answer has been done for you.
- 2 Think about the life cycle of the product or service.** For example, 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 or service in column 1 and put your answer in column 3 of Source 3.
- 3 Analyse the current problem with the product.** For example, pens are never there when you need them! State the problem with each product or service in column 1 and put your answer in column 4.
- 4 Review your answers for each of the products or services in the table.** State (a) what your innovative idea is and (b) whether your idea would have commercial success. Put your answer in the last column.

Source 3 will help you practise your innovation skills. See the sample answer to the first product (tablecloth) as an example.

- 5** If you have a great idea, this becomes your **intellectual property (IP)**. You can legally protect this idea from being taken by others. Access your [obook link](#) and go to the IP Australia website and use the interactive called 'IP in everyday life'. List the products or services you have used today and tick the ones you think have protected intellectual property.

**Source 3** This table can help you practise your innovation skills.

| The product or service to change   | A wish for the product   | The lifecycle of the product or service         | The current problem with the product   | Innovation<br>(a) What is your idea?<br>(b) Do you think it would have commercial success? Why/Why not?  |
|--|--|---|--|--|
| Tablecloth<br>            | It's always clean, you can design your own tablecloth and change the colour. | It becomes stained and only lasts a year or so. | Requires constant laundering. You can't find one to suit your decor and are tired of the colour. | (a) Design a table for restaurants that consists of a table that has a self-cleaning tablecloth.<br>(b) Further research and development required. |
| Mobile phone<br>          |  |   |  |  |
| Can of drink<br>         |  |   |  |  |
| Chair<br>               |  |   |  |  |
| Calculator<br>          |  |   |  |  |
| Getting a haircut<br>   |  |   |  |  |
| Going out to dinner<br> |  |   |  |  |

## Extend your understanding

- 1 Choose two of the following Australian innovations and conduct some research on the Internet to find out more about them.

Australian innovations:

- fire-stick farming
- Granny Smith apples
- Pink Lady apples
- Vegemite
- Wi-fi
- School of the Air
- Clean up Australia (and the world)
- Earth Hour
- Speedos
- Plastic bank notes
- Caroma dual-flush toilet
- Solar Sailor
- Cochlear implants.

- 2 For each innovation, explain:

- a why this product or service was innovative
- b how it has been successful
- c who led the innovation and when they did it.



**Source 4** Vegemite, Earth Hour, Pink Lady apples and Wi-fi are just a few Australian innovations.

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civics and  
citizenship

part

2

# The civics and citizenship toolkit

A **citizen** is a person who legally lives in a geographical area such as a town or country. Being a citizen is like having a membership where you belong to a community and have certain rights and responsibilities. In Australia, citizens have the right to vote for members of **parliament** to represent their views. They have the right to go to school and work and speak freely about the issues concerning them. Australian citizens also have responsibilities to abide by the laws of the nation. **Civics and citizenship** is the study of these rights and responsibilities and how the **government** works.

Understanding how the political system works gives us an insight into how our vote can impact the future of our country and the global community. Knowledge of some democratic values, such as freedom of movement and the right to a fair trial, provides reassurance that we have a political and legal system that respects the rights of citizens.



## 8A

What are the civics and citizenship skills?



**Source 1** Parliament House in Canberra is the meeting place of the elected Parliament of Australia.

# 8.1 Civics and citizenship skills

Civics and citizenship studies help us learn to question, interpret information and argue our points 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 asylum seekers.

Studying civics and citizenship requires you to analyse information and ask a range of questions to find out more about a topic. You learn to question and research information by asking what, why, when, who and how to uncover the truth about an issue. Through investigating an issue you will be able to arrive at your own viewpoint while understanding the reasons why others may have different points of view.

|  |   |
|--|---|
| <b>Ask questions and conduct research</b>                        | <ul style="list-style-type: none"><li>• Develop, select and evaluate questions to investigate Australia's political and legal systems</li><li>• Identify, gather and sort information and ideas from a range of sources, and reference as appropriate</li></ul>   |
| <b>Interpret and analyse sources</b>                             | <ul style="list-style-type: none"><li>• Critically evaluate information and ideas from a range of sources in relation to civics and citizenship topics and issues</li><li>• Account for different interpretations and points of view</li></ul>  |
| <b>Apply strategies to resolve civics and citizenship issues</b> | <ul style="list-style-type: none"><li>• Recognise and consider multiple perspectives and ambiguities, and use strategies to negotiate and resolve contentious issues</li><li>• Use democratic processes to reach consensus on a course of action relating to a civics or citizenship issue and plan for that action</li></ul> |
| <b>Communicate your findings and reflect</b>                     | <ul style="list-style-type: none"><li>• Present evidence-based civics and citizenship arguments using subject-specific language</li><li>• Reflect on their role as a citizen in Australian, regional and global contexts</li></ul>  |

Source 1 The four categories of skills used in civics and citizenship inquiries



Source 2 Australian citizens are legally required to vote in both state and federal elections

## 8.2 Ask questions and conduct research

### Develop, select and evaluate questions to investigate Australia's political and legal systems

Active citizens ask lots of questions. Often they don't believe everything they read and they seek to detect the motivation behind why someone takes a certain point of view or acts in a certain way. For example, when they see politicians talking in the media they listen to their arguments and seek out differing points of view. They also check facts and look at the arguments for and against a certain issue before reaching their own conclusions. When active and informed citizens state their own viewpoint, they support this with evidence such as statistics, cases from the past, quotes from relevant sources and sound reasoning.



**Source 1** Cartoonists present their viewpoints on current issues using images and humour.

#### skilldrill: Reasoning and interpretation

### Developing civics and citizenship questions

Source 1 is a political cartoon about Australia's response to global warming. Protection of the environment and what our lawmakers and citizens are going to do in the future to conserve the environment are important issues at home and abroad. You can learn to investigate a civics and citizenship issue such as this by starting your questions with the words 'what', 'where', 'how', 'why', 'what impact' or 'what should'. When examining a source, whether it is a cartoon, video footage, a newspaper article or election slogan, the following approach may be helpful.

**Step 1** Brainstorm a list of questions and then try to answer them. Some questions, such as 'What is happening?', might be easily answered whereas other questions, such as 'Why is it happening?', might need further research.

**Step 2** Look at the source itself to try to understand the context. The 'who' question is important here.

'Who is saying this?' can be just as important as 'What is being said?' Identifying where the source comes from can alert you to whether the truth of their statements should be examined more carefully.

**Step 3** The 'how' question is also important. You might ask, 'How is this happening?' or 'How does this source affect me?' Are there any emotions such as fear, persuasion or humour that are being used to influence your judgement?

### Apply the skill

- 1 Where could you look to find answers to the question 'What are the impacts of global warming?'
- 2 Why is it important to know the author of the source when discovering the truth about an issue?
- 3 Why is examining how the source affects you sometimes more important than basic descriptive questions such as 'What is happening?'
- 4 What tactics have been used to convey the cartoonist's message about the future of the planet due to global warming in Source 1?

## Identify, gather and sort information and ideas from a range of sources and reference as appropriate

Sources provide information for informed citizens. They can take many different forms, from written records in books or online to live interactions that may be captured by varying forms of media. Some examples of sources include case transcripts and judgments, newspaper articles, letters, tweets, blogs or Facebook posts, cartoons, diaries, interviews and live debates.

Locating a range of relevant sources is a valuable skill and usually involves a number of different search 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 other class members or family members to gain an insight into their views on a particular issue.



**Source 2** You need to ensure that sources of information gathered online are accurate and reliable.

## Using ICT to locate relevant sources

Although books and newspapers are valuable sources of information, most research today is conducted online. In order 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 on these sites is not reliable and may contain inaccuracies, false and misleading information or material that is out of date. When using search engines, be sure to define your search using keywords.

Your librarian is a good person to ask for help and information. Most schools will also have a website devoted to providing information about developing good research skills.

- 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 domain name in the URL (internet address).
- Avoid blogs posted by unknown individuals. If you happen to 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 or words and using them as if they were your own is called plagiarism and can result in very serious consequences.

### Check your learning 8.2

#### Remember and understand

- 1 Why is it important for citizens to ask questions?
- 2 What can citizens use as a reliable source of information?
- 3 What is plagiarism?

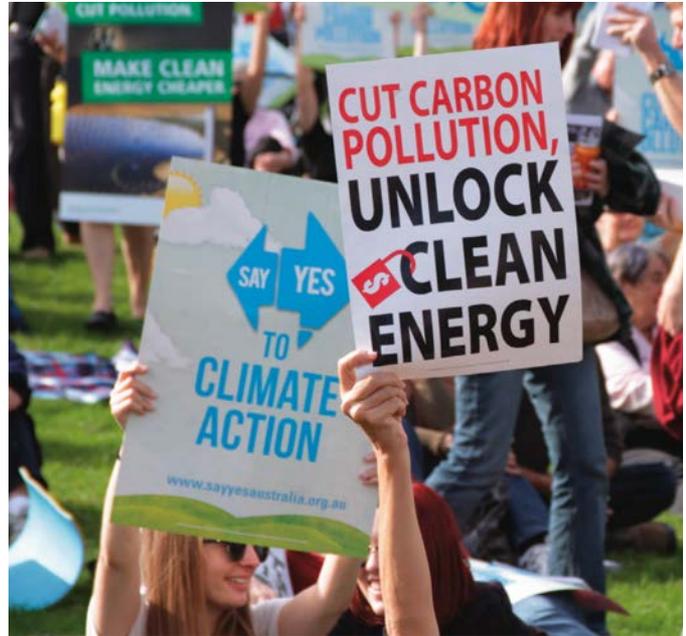
#### Apply and analyse

- 4 Kim wants to know why housing is so expensive in Australia. Where might she go to find the answer to a question like this?
- 5 Katie has noticed that a local swimming pool has been closed for a long time. Despite a local politician promising to reopen the pool, nothing has happened. Suggest three questions Katie might ask about this as an active citizen.

## 8.3 Interpret and analyse sources

### Critically evaluate information and ideas from a range of sources in relation to civics and citizenship topics and issues

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.



**Source 1** Sources, such as this image, can be used to persuade a reader to agree with the author's opinion.

#### skilldrill: Reasoning and interpretation

### Identify and describe 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 that there will be strong, competing points of view. Controversial civics and citizenship issues include:

- Australia becoming a republic
- Australia's treatment of asylum seekers
- the treatment of Indigenous Australians
- retaining the jury system
- policy on climate change
- foreign investment in Australia.

**Step 1** Identify a controversial issue. You can choose one of the above issues or choose a more localised issue such as the use of mobile phones at school or your school's efforts to protect the environment.

**Step 2** List those affected by the issue.

**Step 3** Locate sources depicting each point of view.

**Step 4** For each point of view, describe the point of view being expressed. Why is the 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, personal experience, whether they stand to benefit financially and their ability to tolerate difference in others.

### Apply the skill

- 1 Use the steps above to look closely at another controversial issue of your choice. You can choose one of the above issues or a more localised issue such as the use of recycled goods at school or your school's efforts to provide healthy food and drink options at the canteen.

## Draw conclusions about the usefulness of sources

A useful source is one that will add to your understanding of a civics and citizenship inquiry.

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:

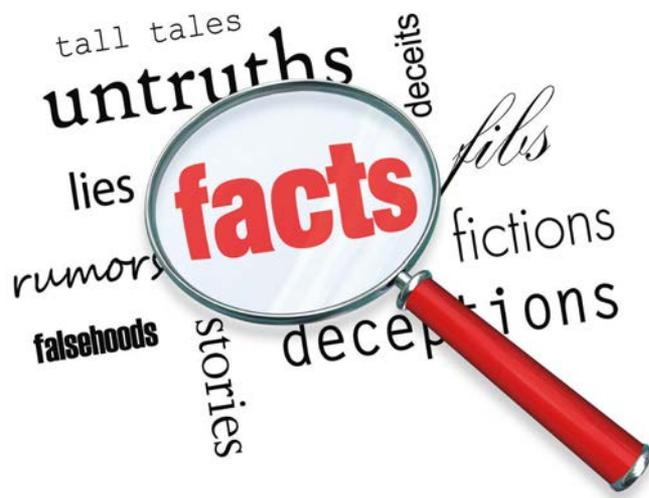
- Is it a reliable source?
- Is there enough information and sufficient detail to help me answer the inquiry question?
- Does the information support and reinforce evidence from other sources?
- Is it balanced or does it present one point of view (bias)?
- Is it based on fact or opinion?
- Is the information 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', 'believe', 'think' and 'suggests' all indicate that an opinion is being expressed.

For example:

- Fact: Australia has compulsory voting.
- Opinion: Australia is a democracy so citizens should have the right to choose if they want to vote in an election rather than be told they have to by law.



## Account for different interpretations and points of view

Perspective and bias is 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.

### Check your learning 8.3

#### Remember and understand

- 1 What is bias?
- 2 What is the difference between a fact and an opinion?
- 3 Name five factors that might influence a person's perspective?

#### Apply and analyse

- 3 George is researching the political issue of whether or not Australia should accept more refugees. He has found several sources of information. Which of the following should George think of as reliable? Provide a reason for your decision.
  - a a blog called 'Get your own country'
  - b a report released by the Australian Bureau of Statistics
  - c the United Nations official website
  - d an article from The Australian newspaper
- 4 Identify whether the below statement is fact or opinion and explain why.

Asylum seekers and refugees might be happier if the facilities they stayed in were in better condition.

**Source 2** Separating fact from opinion in civics and citizenship is an important skill.

# 8.4 Apply strategies to resolve civics and citizenship issues

## Recognise and consider multiple perspectives, and use strategies to negotiate and resolve contentious issues

There's an old saying that before you criticise a person you should walk a mile in their shoes. In civics and citizenship it is important to understand not only what opinion is being expressed but why it is being expressed. It is useful to consider why a person may have a certain point of view. 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's important to consider how the harm or loss of a family member due to crime may influence opinion. Listening and being respectful of opinions that may be different to 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.

## Use democratic processes to reach consensus on a course of action relating to a civics or citizenship issue and plan for that action

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, providing group members with adequate time and opportunity to respond and vote on an issue.



**Source 1** One way to reach a decision that reflects the majority view is to take a vote.

### Check your learning 8.4

#### Remember and understand

- 1 Why is it important to recognise multiple perspectives on an issue?
- 2 Describe a democratic process. Why is it a good way to make decisions?

#### Apply and analyse

- 3 A PE teacher gives a class the chance to choose what sport they will all play during a double period. The class disagrees about whether or not they should play basketball or soccer. How could this problem be solved?
- 4 Amy and Todd are arguing about whether or not funding from the local council should go to the kindergarten or the cricket club. After only minutes of discussion, their arguments begin to get personal and offensive. Suggest how they could handle this situation better.

# 8.5 Communicate your findings and reflect

## Present evidence-based civics and citizenship arguments using subject-specific language

Just like in mathematics, a common language is used in civics and citizenship. Source 1 lists and defines some commonly used terms in civics and citizenship; additional civics and citizenship terms can also be found in the glossary at the end of this book.

## Reflect on their role as a citizen in Australian, regional and global contexts

Many Australian citizens go beyond the legal responsibilities they have as citizens 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 out on the local school fete.

Nasir Sobhani, or the ‘Street Barber’ as he is known by his clientele, is a hairdresser and former drug addict who gives free haircuts to homeless people in Melbourne (Source 2). After breaking his dependency on drugs, Sobhani wanted to give back to society by helping others.



**Source 2** Nasir Sobhani serves his local community by giving free haircuts to Melbourne’s homeless.

|                                |   |
|--------------------------------|---|
| <b>citizen</b>                 | A citizen is a person who legally lives in a geographical area such as a town or country.   |
| <b>citizenship</b>             | A person’s status as a citizen. In a wider context citizenship encompasses the rights and responsibilities citizens exercise.   |
| <b>civics</b>                  | The study of the rights and responsibilities of citizens and how government works.  |
| <b>diversity</b>               | Having many different forms. When referring to people it means that people come from different racial, ethnic, socio-economic, geographic, educational or professional backgrounds.   |
| <b>globalisation</b>           | The process that involves all the countries of the world being linked together, resulting in an exchange of views, ideas, products and culture  |
| <b>government</b>              | 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. The lower house of federal parliament is the House of Representatives. Every state except Queensland has a lower house, called the Legislative Assembly or House of Assembly, and an upper house called the Legislative Council. In Queensland and the two territories the parliaments only have a Legislative Assembly. |
| <b>parliament</b>              | The national or state law making body that is made up of elected representatives in both the upper and lower house with a head of state. In Australia the national parliament is referred to as the Commonwealth or Federal parliament.   |
| <b>parliamentary democracy</b> | A system of government where people elect representatives to parliament in order to make laws that reflect the majority of voters’ views  |
| <b>pluralist society</b>       | A diverse society where there is tolerance of different beliefs   |

**Source 1** Some useful civics and citizenship terms

Although a haircut does not solve the problem of homelessness, Sobhani believes that being pampered and taken care of physically can have a positive effect on the psyche of people who are struggling.

## Regional citizens

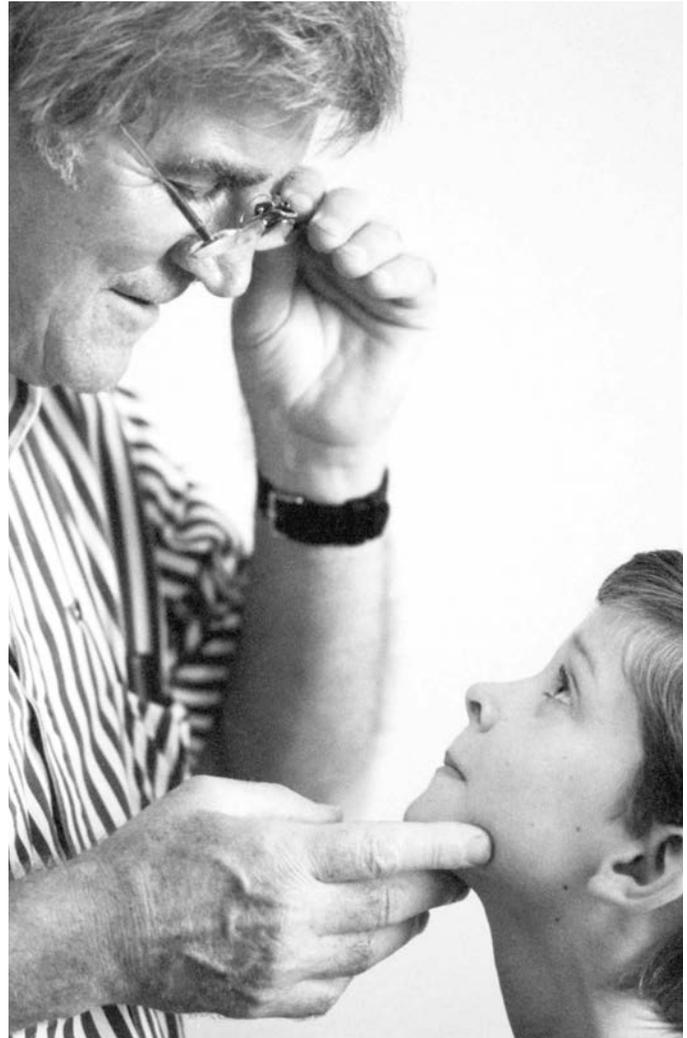
A regional citizen may often work at a national level to provide a better future for all Australians. One of the most common ways for regional citizens to achieve this is by supporting a charity or cause. Rosie Batty (Source 3) is an example of an Australian citizen who has campaigned to stop domestic violence in Australia after her own son, Luke, was murdered by his father.



**Source 3** In 2015 Rosie Batty was appointed Australian of the Year for her work in educating people about the impact of domestic violence and her involvement in establishing the Royal Commission into Family Violence in Victoria.

## Global citizens

A citizen may also act on a global level to make the world a better place to live in. The late Fred Hollows (Source 4) is an example of a citizen who used his skills to restore eyesight to thousands of people in Australia and in many other countries around the world.



**Source 4** Fred Hollows is known for working with people around the world to restore eyesight of those who could not access corrective surgery otherwise.

## Check your learning

### Remember and understand

- 1 Use your own words to define the following terms:
  - a civics
  - b citizenship
- 2 Why might someone contribute to society, beyond their usual responsibility as a citizen?

### Apply and analyse

- 3 Suggest a way you could contribute to society as:
  - a a local citizen
  - b a regional citizen
  - c a global citizen.

## YEAR 9 Unit 1

### Government and democracy

# Government, democracy and the citizen

Bride-to-be Ruby Gamble takes her democratic right to vote seriously, as she arrives at a polling booth before her wedding ceremony. Ruby is one of approximately 16 million Australians who are enrolled to vote in the federal election. There are more than 7000 polling places set up around the country from Cape York, the northern-most tip of Australia, to South East Cape in Tasmania.

For many Australians, voting is more than just a legal requirement they must fulfill. The right to vote is one of our democratic rights as it provides the opportunity to 'have a say' in who will best manage Australia in the future and represent our view in the national parliament.



## 9A

### What factors influence Australia's political system?

- 1 Would you ever consider becoming a member of parliament? Why do you think people enter politics?
- 2 What role do political parties play in our political system?
- 3 Do you think there should be more members of parliament who are younger? Why?



**Source 1** Ruby Gamble voting at her local polling place before her wedding on election day in 2016.

# 9.1 Living in a democracy

Australians over 18 years of age have the right to vote at elections for **candidates** that most closely represent their views about how their country, state, territory or local area should be run. This is called **representative democracy**.

A representative democracy is not a 'set and forget' system. Elections are held at regular intervals. If we are not happy with our elected members we can vote for others to hopefully do a better job at the next election.

Australia is also a **liberal democracy**. This means there are certain values that are viewed as extremely

important. Freedom of speech is one such value. Australians have a right to peacefully protest, whether it is by joining a protest march, signing an online petition, talking to the media about an issue or contacting a member of parliament. Other liberal democratic values or principles are illustrated in Source 4.

Australia is the envy of many other countries because of our liberal democratic values. The following case study highlights some of the problems that occur when liberal democratic values are not upheld.

## case study

Could this ever happen in Australia?

### Malala Yousafzai

Malala Yousafzai, a Pakistani student, was only fifteen years of age when she was shot in the head by a gunman in October 2012 on her way home from school. The attempted assassination occurred because Malala believed that girls had the right to be educated and had spoken out about this. The ruling group called the Taliban had at times banned school education for girls living in the Swat district of the Khyber Pakhtunkhwa province in Pakistan. Thankfully Malala survived her attack and remains a political activist today.

### Pussy Riot

A feminist punk rock group called Pussy Riot caught world attention for their political protest in 2012. They staged a performance in a Moscow cathedral and

posted their music video entitled 'Punk Prayer – Mother of God, Chase Putin Away!' on the Internet. The group opposes Russian President Vladimir Putin's policies and believes he is a dictator. Three of the bands members were charged with hooliganism and sent to jail. Many in the West opposed the jailing of the girls, believing they had a right to exercise free speech and protest against the government of the day.

### Aung San Suu Kyi

Aung San Suu Kyi is a Burmese human rights activist and politician. In 1988 she protested against the military regime that ruled Myanmar (Burma) and in 1989 was placed under house arrest – jailed at home – for her political activities. She spent 15 of the next 21 years in custody. Aung San Suu Kyi wants genuine democracy for her country with free and fair elections and respect for human rights.



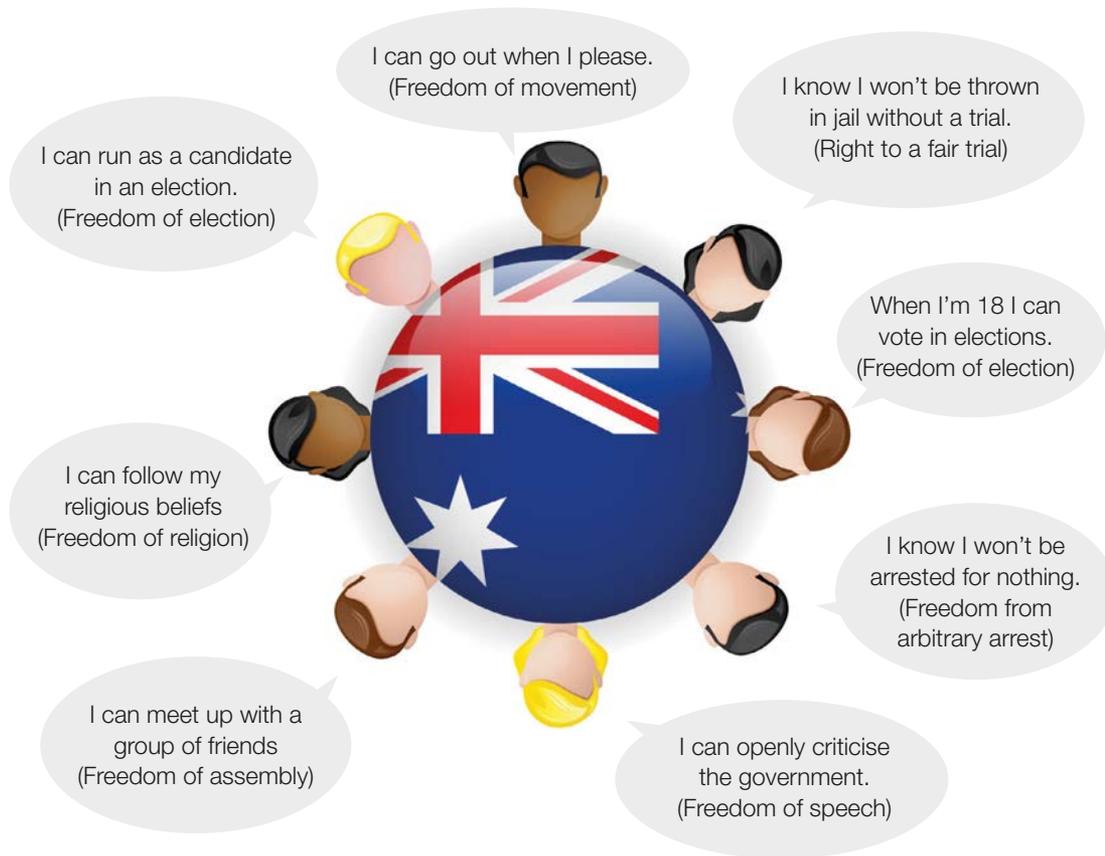
Source 1 Malala Yousafzai



Source 2 Two members of the band Pussy Riot



Source 3 Aung San Suu Kyi



Source 4 Liberal democratic values that we aim to uphold in Australia

## Check your learning 9.1

### Remember and understand

- 1 Name one important value of a liberal democracy.
- 2 Why is holding regular elections so important?
- 3 Give an example of one political activist who suffered as a result of speaking out against the government of the day.

### Apply and analyse

- 4 For countries that don't have free democratic elections, how is it decided who will run the country?
- 5 In the following cases, have democratic values been upheld? Provide a reason for your answer.
  - a In 2007, an Australian named David Hicks pleaded guilty to a United States military commission in Guantanamo, Cuba, for providing material support for terrorism. He alleges that he only pleaded in this way because he wanted to be released and had been tortured while in a prison in Guantanamo.

- b Kevin Rudd was the leader of the Labor Party that won the Australian election in 2007. He was Prime Minister for three years until 2010 when his deputy, Julia Gillard, challenged him for the position and won.
- c In 1974, the leader of the democratically elected Labor Party in Australia, Gough Whitlam, became Prime Minister, but was dismissed a year later by the Governor-General.
- d Robert Mugabe, the 90-year-old President of Zimbabwe, has recently warned journalists that any reporting on his health would result in severe punishment.

### Evaluate and create

- 6 Draw an image that illustrates what you think of our liberal democratic values in Australia. You might use an image that shows freedom, such as an open door, a dove or a key.

## 9.2 Australia's political system

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Australia has what is sometimes called a **parliamentary democracy**. This is because those who are elected to represent us meet at a place called **parliament**. It is in parliament that laws are changed or new laws passed that affect all Australians.

### Australia's national parliament

In Australia there is a national parliament that makes laws that concern the whole country such as defence, immigration and trade for the whole nation. This national parliament is sometimes called the Federal or Commonwealth Parliament and is situated in Canberra.

Each of the six states and two territories in Australia also has a parliament that makes laws on matters of state importance such as education, transport and health. Each state parliament is democratically elected. Local councils are not called parliaments, but they do make laws on local matters such as rubbish collection, town planning and pet control. Local councils are

democratically elected and there are more than 560 local councils in Australia today.

What has just been described is a **political system**. A political system is a way of determining who has the power and responsibility for making decisions about important matters that affect people's daily lives. The political system we have today is set out in a document called the Australian **Constitution**, which commenced on the first of January 1901. The Constitution established a federal parliamentary system where the responsibility to make or change laws in certain areas is shared by one national parliament and six state parliaments.

### The inner workings of the Commonwealth Parliament

Parliament consists of two sections referred to as the upper and lower houses of parliament. The **lower house** of our Commonwealth Parliament is called the



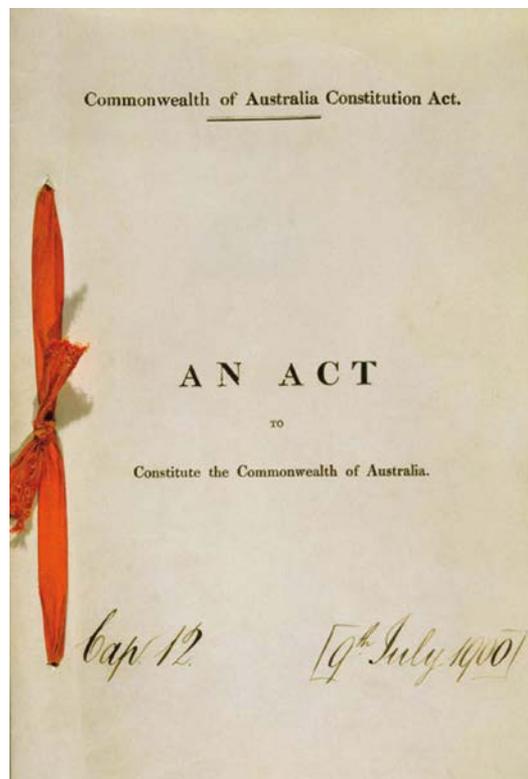
Source 1 Our national parliament – Parliament House in Canberra



**Source 2** The House of Representatives in Parliament House, Canberra. The House of Representatives is also known as the lower house.

**House of Representatives.** Since we have representative democracy, it follows that representatives are chosen from all over Australia to represent our views. In order to achieve this representation, Australia is divided up into 150 geographical divisions known as **electorates**, or seats. Each electorate has roughly 94 000 voters. At election time one candidate is elected from each electorate, becoming a member of the House of Representatives. It is fitting that the House of Representatives is sometimes referred to as '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 and policies on how to best govern the country. A political party or group of parties, known as a **coalition**, that wins a majority of seats in the House of Representatives (at least 76 of 150 seats) will have won the election, and forms government. It's a simple case of **majority rule**. The leader of the party (or coalition) that has won the majority of seats in the House of Representatives is 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 **opposition** leader.



**Source 3** The Australian Constitution established a federal system of government.

Source 4 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 what is called a mandate or permission to act on behalf of the people of Australia. Each new government brings with it fresh ideas and experience on how best to manage the country. The opposition's role is to hold the government accountable for its actions. In the media, you will often hear an opposition member criticising what the government is doing. It is this close scrutiny of how the country is being managed that is part of our democratic system.

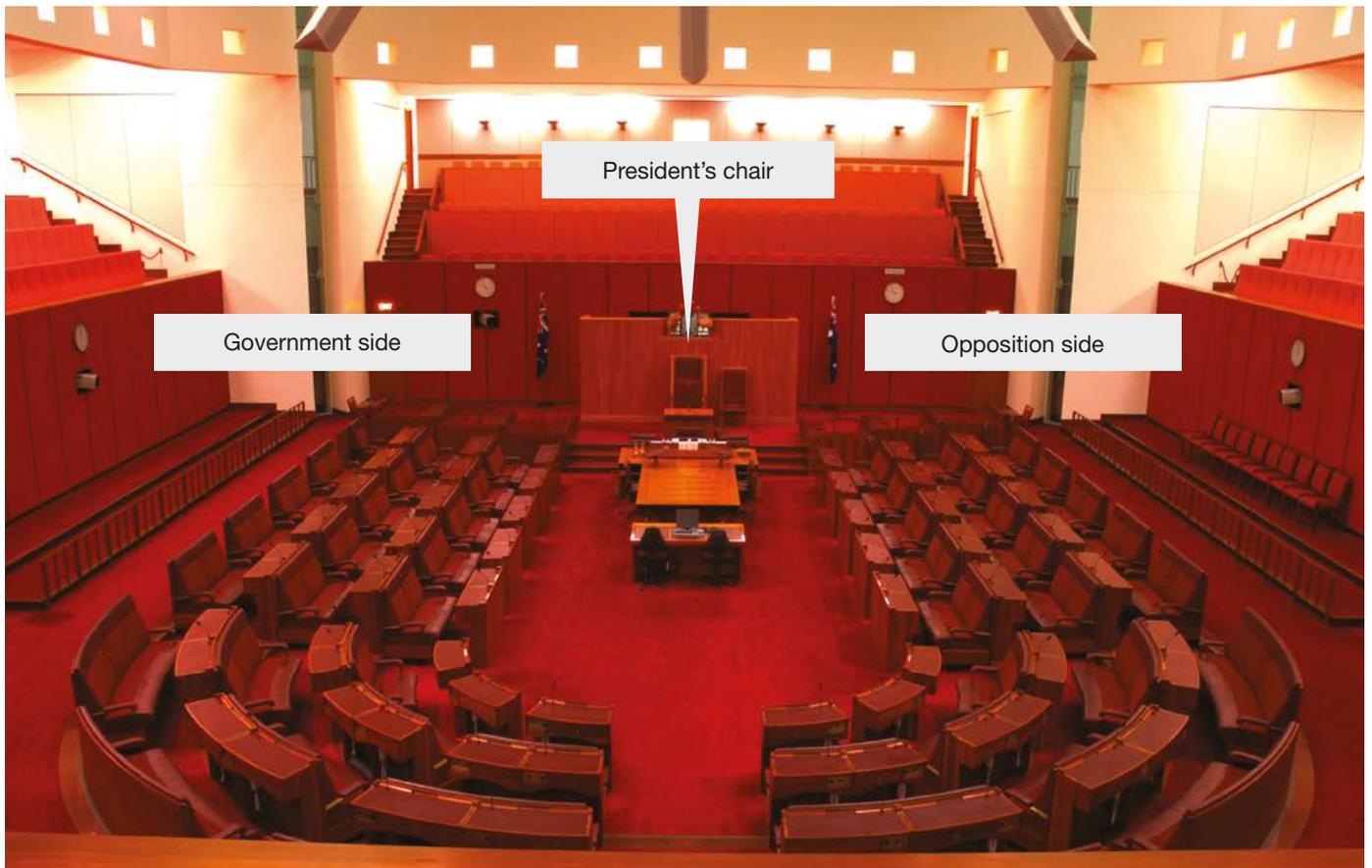
## Why two houses of parliament?

The **upper house** of our Commonwealth Parliament is called the **Senate**. It was originally set up to protect the interests of the states. When the Constitution was written, it was decided that each state should be equally represented regardless of its size, so that the smaller states would still have a say. Each state is represented by 12 senators today. The Australian Capital Territory and the Northern Territory are represented by two senators each. Senators are elected to represent the interests of

the state they belong to, but in reality they often belong to a political party and will be influenced by party policy rather than state interests.

You might be wondering why we have two houses of parliament, especially when the real action seems to take place in the House of Representatives where the government is formed. An important purpose of having the Senate is that it is seen as a **house of review** – a house that checks what the government of the day is doing and holds it accountable for its actions.

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 House of Representatives. The Commonwealth Parliament includes both houses of parliament as well as the **Governor-General**, who is the Queen's representative in Australia. The Governor-General is appointed by the Queen on the advice of the Prime Minister. The Governor-General performs many duties such as appointing ambassadors, ministers and **judges** and also approves laws passed by both houses of parliament.



**Source 4** The Senate in Parliament House, Canberra. The Senate is also known as the upper house.



Source 5 The Governor-General is the Queen's representative in Australia. Sir Peter Cosgrove became the Governor-General in 2014.

## Check your learning 9.2

### Remember and understand

- 1 Give two examples of laws that might be made by the:
  - a Commonwealth Parliament
  - b State and territory parliaments
  - c Local councils
- 2 What is the Constitution?
- 3 What is the purpose of the Senate?
- 4 What is another name for:
  - a a seat
  - b the House of Representatives?

### Apply and analyse

- 5 Refer to Source 2 and explain why there would usually be more people sitting on the government side than the opposition side.

- 6 List one possible advantage and one disadvantage of having a federal system.
- 7 Look at the following election results and decide which party or coalition will form government.

|                            |    |
|----------------------------|----|
| Australian Labor Party     | 55 |
| Liberal/National Coalition | 90 |
| The Greens                 | 1  |
| Katter's Australian Party  | 1  |
| Nick Xenophon Team         | 1  |
| Independent                | 2  |

### Evaluate and create

- 8 Draw a diagram that illustrates the number of members in both houses of the Commonwealth Parliament and how it is determined who the government is.

## 9.3 Political parties and policy development

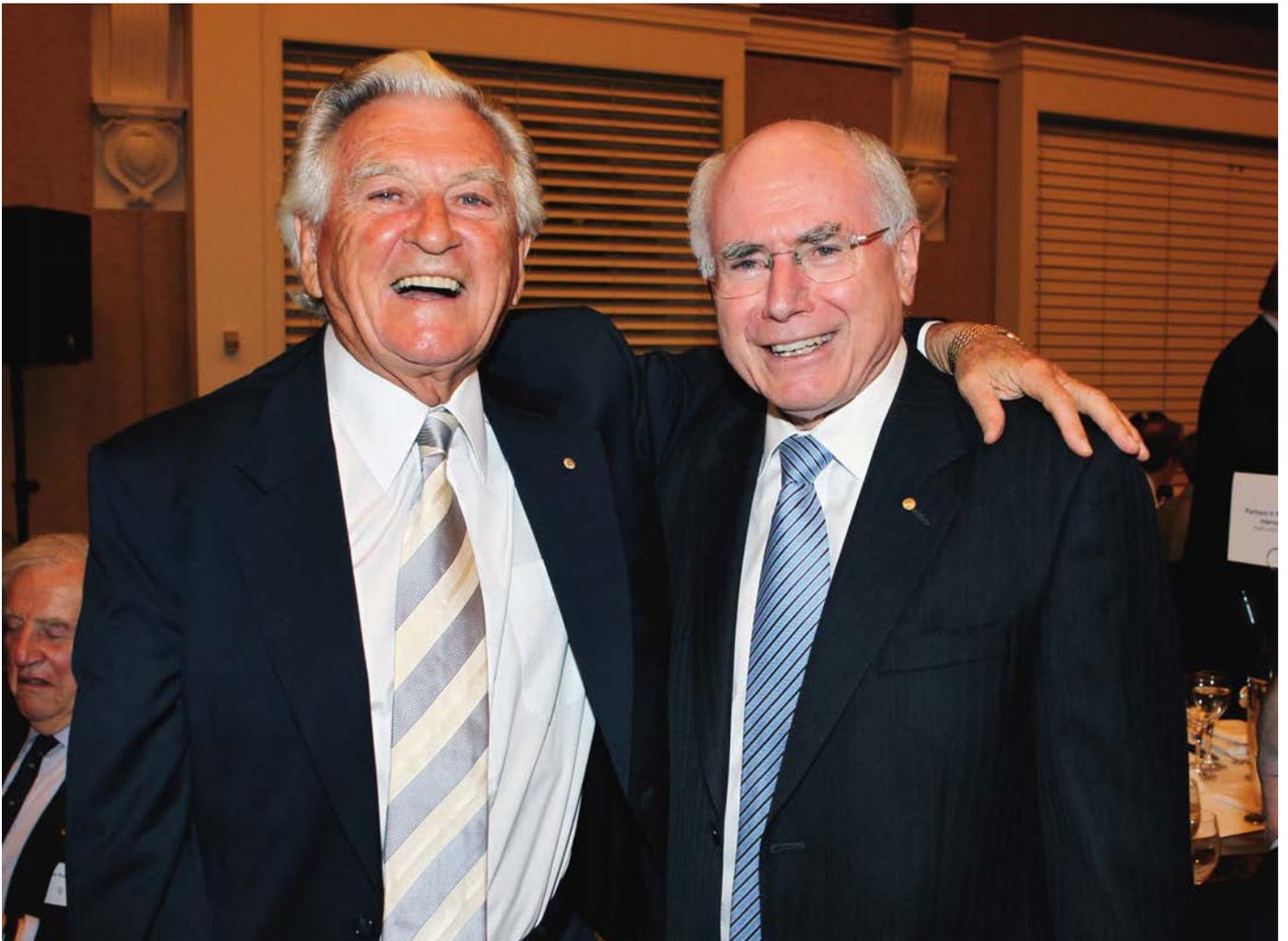
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The Australian Parliament is made up of members from a number of different political parties, along with independent candidates (who do not belong to a political party).

### Political parties

Political parties are made up of groups of people who share similar ideas about how their country or state should be run. In Australia, two political parties dominate; the Labor Party (often referred to as the ALP) and the Liberal Party.

There are many other smaller political parties such as the Nationals and the Greens. The primary purpose of the two major political parties is to win the election. Each political party puts forwards their own candidates at election time; if a majority of those candidates win their lower house seats they are said to be 'in power' and able to form government. The Liberal Party and the Nationals often join forces in a coalition (partnership) in order to form government together. It is the government of the day that has the power to make important decisions.



**Source 1** Former Labor Prime Minister Bob Hawke and former Liberal Prime Minister John Howard both won four Australian elections. John Howard is Australia's longest serving Prime Minister after former Prime Minister Robert Menzies (1894–1978), who won eight Australian elections.

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### Why don't Australians want to party?

Membership of sporting clubs such as the NRL far surpasses membership to political parties in Australia, but this wasn't always the case. In the 1950s membership of both major parties was around 350 000. It seems that in our busy lives there's little time for politics. Many people feel that they have 'a say' at the polling booth so why bother joining a party?

Both the major political parties are now heeding the call to recruit new members and are making changes to encourage more people to join a political party. Senator Sam Dastyari believes political parties must change some of their ways. He says there is too much emphasis on having regular face-to-face meetings, when there are other ways to communicate in the 21st century.

There are almost 60 different political parties registered on the Australian Electoral Commission's website. Some parties have broad-ranging ideals, while others have more specific causes to fight for.



**Source 2** Many political parties must review their membership policies if they want to increase party membership. The membership data above was accurate as at November 2015.



**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



**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



**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 3** The Labor and Liberal Party are the two dominant political parties in Australia today. The Liberal Party often forms a coalition with the Nationals in order to form government.

## 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. Independents may have views that do not quite fit a party mould. Independents can play a powerful role in Parliament, particularly if the

major party relies on their vote to pass important laws. Andrew Wilkie is an independent who was elected by voters in the Tasmanian seat of Denison. Wilkie's primary campaign in the 2010 election was the removal of poker machines.

There are various influences that shape Australia's political system, and that influence government **policy**. Public opinion, the media and international pressures are just some of the factors that may come into play.

## 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 election time the Liberal Party heavily publicised their policy to ‘stop the boats’, which aimed to deter people seeking asylum in Australia by boat without a valid visa.

The political party that wins the election and forms government must put their policies into action. The government of the day is said to have been given a mandate or permission to implement the policies they promoted during their election campaign. 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 Senate, it will need to negotiate with senators so that they support new legislation.

## The role of the prime minister and Cabinet in shaping policy

The prime minister and senior ministers make up the Cabinet. Together, as the country’s key decision makers, they are the ones who develop policy. Their policies are translated into proposed legislation (called a Bill) and discussed in the Cabinet before being introduced into parliament (see pages 134–135). The prime minister chairs the Cabinet meeting where there may be lively debates about a policy issue before a decision is made. A consensus may be reached or the prime minister may ask ministers to vote on a policy and will proceed with what the majority decides.

A prime minister who can persuasively argue for policy change within the Cabinet, the parliament and the media will have a better chance of implementing policy. It is also more likely that policy success will depend on the prime minister’s ability to negotiate with minor parties or independents to ensure the new policy set out in a Bill is passed in parliament.

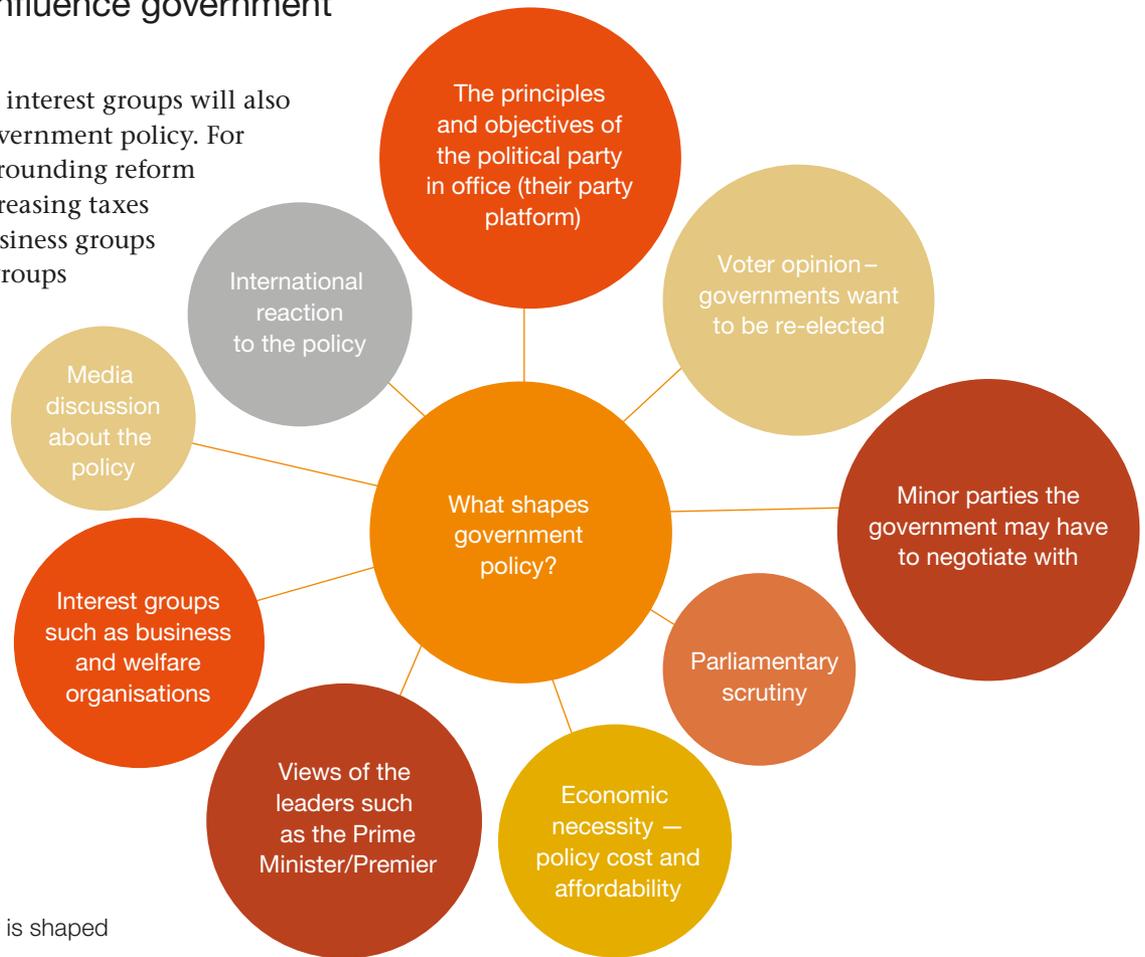
Introducing or changing a policy may also involve negotiating with state Premiers if the Commonwealth does not have the power to make laws in a particular area. For example, former prime minister John Howard, was successful in negotiating with state Premiers to introduce gun laws banning the importation and sale of automatic and semi-automatic weapons in Australia.



**Source 4** The Prime Minister and senior ministers discuss policy in Cabinet meetings. Decisions are made that will shape the content of Bills that are put before parliament.

## Other factors that influence government policy

Opinion polls, media and interest groups will 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, international pressure may force Australia to review its emission reduction targets.



**Source 5** Government policy is shaped by a number of factors.

## Check your learning 9.3

### Remember and understand

- 1 Name Australia's two major political parties outline their main aims.
- 2 Refer to Source 3 and choose one or two words that describe what each party stands for.
- 3 Name at least one previous Labor prime minister and one previous Liberal prime minister.
- 4 Explain what a policy is and give an example of a real government policy.
- 5 What factors might increase the chances of a policy being successfully implemented?

### Apply and analyse

- 6 List at least two possible reasons why someone might want to join a political party.
- 7 Why do you think membership of political parties isn't as strong as it used to be?
- 8 Would you ever join a political party? Why or why not?
- 9 What is an independent and why might they have considerable power in Parliament?
- 10 Look at the news stories of the day and give an example of an interest group that is seeking to affect government policy.

### Evaluate and create

- 11 A list of political parties can be found on the Australian Electoral Commission's website. Choose one party and briefly explain what that party stands for.
- 12 What might be a possible problem with having only two dominant parties in parliament? Summarise your ideas in a 'pros and cons' table.
- 13 Investigate the policies publicised by the two major parties during the 2016 election. In your opinion, which do you believe to be the most important for Australia and why? Would it convince you to vote for them?

## 9.4 Election time

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 could influence who a voter decides to vote for include:

- **the leader of each major political party and how well they perform.** Personality rather than politics can sometimes sway the voter. A leader that has strong personal appeal amongst the voting public will increase their party's chances of winning.
- **important issues.** The voter may be influenced by short-term issues that affect them personally. For example, a family with children will be interested in childcare and parental leave policies. Longer-term issues such as the environment or treatment of asylum seekers also affect voter choice.
- **the track record and competence of the government.** If the government of the day has performed well and has managed the economy well it is more likely to be re-elected.
- **the performance of the opposition party.** An opposition that has raised and highlighted government mismanagement and offered a better alternative may persuade voters.
- **party loyalty.** Some voters will always vote for the same political party no matter what. Sometimes this can be influenced by how family members have voted. Class may also play a role in who someone votes for. In the past, the Labor party has been seen as the party for the working class, with the Liberal party representing the interest of the upper class.
- **media portrayal of the party or independent.** What we read online, see on television and hear on radio affects our view of the candidates. Not all information is reported impartially.
- **a well-run campaign strategy.** Presentation is important at election time and conveying the right message to appeal to a wide variety of voters can influence election results.



**Source 1** On election day polling booths are set up around the country, even in outback Australia. Voters have listened to weeks of campaigning and now it is time to make a decision.

### Campaign strategies

Political parties and independents use many different campaign strategies to gain voter approval. The four main campaign strategies are summarised in Source 2.

#### Technology

Use Twitter, YouTube, Facebook and Instagram to communicate with voters.

#### 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 2** An election campaign is a contest where political opponents battle it out to win our vote. Political parties and individual candidates use different strategies to communicate with voters.

## casestudy

### Will you enrol to vote?

According to Ms Daly, a spokesperson from the Australia Institute, half of all voters under 25 believe that no party represents their interests. Dissatisfaction and disillusionment with political parties and politics may also stop young people from enrolling to vote. First-time voters must enrol with the Australian Electoral Commission before they can vote. One-quarter of young Australians failed to enrol to vote in the 2013 federal election. The Australian Electoral Commission embarked on a Facebook campaign to encourage younger voters to enrol.

#### Top five issues for young people

- 1 Jobs for young people
- 2 Rent and housing
- 3 University funding
- 4 Same-sex marriage
- 5 Climate change

Source: Australian Institute Poll 2013

Political parties need to engage younger people if they want to secure their vote in future. According to a report by the Whitlam Institute in 2011, young voters under the age of 35 represent approximately 30 per cent of the electorate. Young people can make an impact on an election result. They also tend to change their vote depending on the issues rather than loyalty to a political party. They are sometimes called swinging or floating voters.



**Source 3** Some people are undecided about who they are going to vote for and leave their decision until quite late in the election campaign. They are called swinging voters.

## Check your learning 9.4

### Remember and understand

- 1 List three factors that can influence voter behaviour.
- 2 What is a swinging voter?
- 3 What must first-time voters do before they can vote?

### Apply and analyse

- 4 List the four main campaign strategies used by political parties. Which one do you think is most effective? Give reasons for your answer.
- 5 Make your own list of the top five issues that you think political candidates should stand for.
- 6 Read scenarios a–d below and decide on the main factor influencing the behaviour of each of the voters.
  - a Jeanette's parents are Liberal supporters and she would never think of voting for anyone else.

- b Debra voted for the Labor party because of the same-sex marriage issue.
- c Antoinette voted for the Liberal party because she liked their parental leave policy.
- d John read a lot of political articles and was swayed by one journalist's view of a political party.

### Evaluate and create

- 7 Look at all the factors that might influence a voter. Which factors do you think will influence you the most when you vote in an election?
- 8 Imagine you are in charge of running an election campaign for someone you admire who is running for office. Create a campaign strategy using Source 2 as a guide. Go further and create a political advertisement either in print or video.

# 9.5 The influence of social media

Think about a major issue such as climate change, **asylum seekers** or domestic violence. How much do you know about this issue and how much of that is shaped by what you have read online?

In today's technology-driven society, social media is a major source of news and information. Social media can be defined as the websites and applications we use to share content and connect with people online around the world. Our understanding of what is going on in the world is shaped by what we read on social media sites such as Facebook, Twitter, Snapchat and Instagram, especially for younger generations.



**Source 1** There are many different social media platforms that can be used to create and share content online.

## The reliability of social media

Social media is not always the best source of information when we want to learn more about important issues. This is because anyone can post whatever they like, whenever they like. We can all post, share, tweet and retweet stories in a way that allows information to flow quickly and to a large

audience. Sometimes this information can go viral without being properly researched or fact-checked, or without even being true. This misinformation can be read by thousands of people, giving people the wrong impression and influencing their opinions on important issues. It is therefore important to be critical of what we read on social media, as misinformation on social media can spread quickly.

You might have read online that a celebrity has died, only to read soon afterwards that it was just a hoax. Lady Gaga, Dwayne 'The Rock' Johnson, Jackie Chan and Russell Crowe are just some of the celebrities who have incorrectly been declared dead by social media. This simple example demonstrates how important it is to question what you read online.

## Political strategy

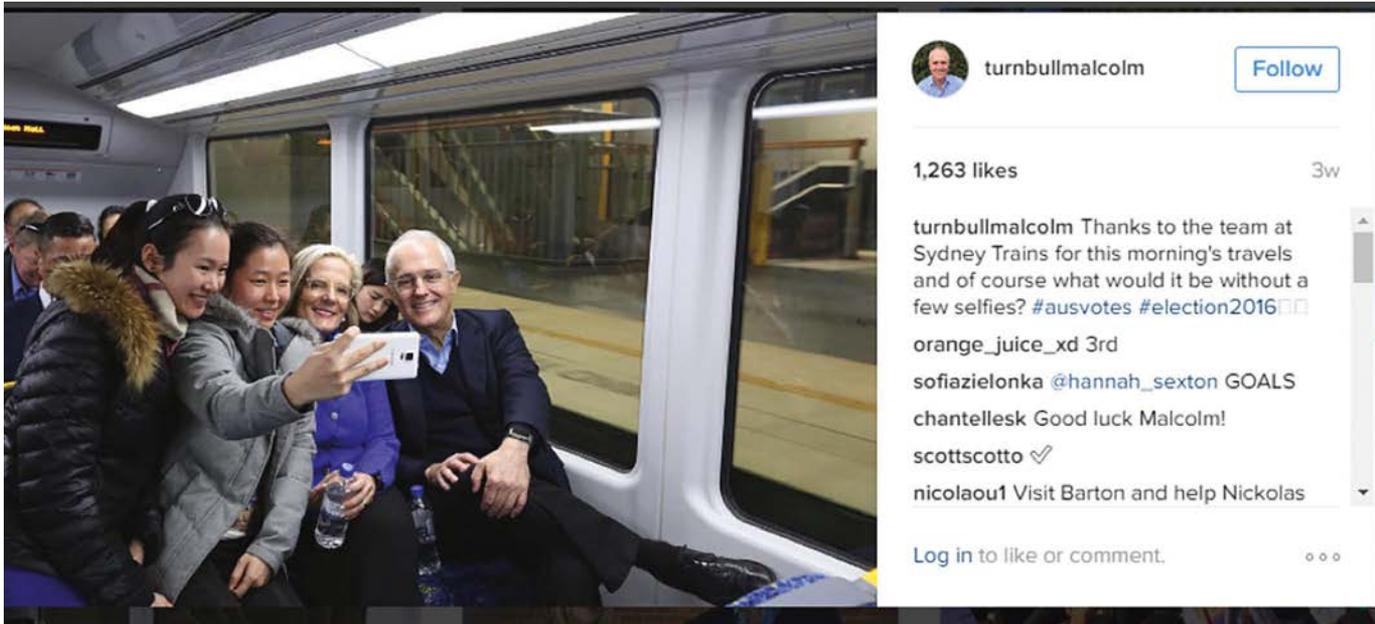
With so many voters now consuming information and news online, many politicians have started using social media to spread their campaign messages and connect with more people online. Social media accounts and pages can be used to do this in the following ways:

- Politicians can communicate information quickly and to many people.
- Parties can choose what information is presented to their social media audience, giving them a platform of election issues or helping them to discredit their opposition.
- Politicians no longer need to rely on attention from traditional media outlets to get their message out.
- It is a cheaper alternative to television or billboard advertising.
- It is possible to harness 'viral' marketing techniques to spread the message, with social media users sharing information on the politician's behalf.
- Voters can interact with politicians to ask questions, give support or voice concerns.
- Social media reaches younger audiences – the 'youth vote' – in a more effective way than traditional media.

During the 2016 election campaign, Prime Minister Malcolm Turnbull had more than 290 000 likes on Facebook and more than 620 000 followers on Twitter. These social media platforms were used to share photos and campaign updates in a way that reached younger voters.

Social media also helps candidates who do not have the financial or political support of larger parties to

gain attention from the general public. For example, during the 2016 federal election campaign, television host James Mathieson used Facebook as a platform to announce he was running for a seat in parliament against former prime minister Tony Abbott. Although he did not win a seat in parliament, Mathieson created enough interest on social media to win nearly 12 per cent of the vote in a very tight election race.



**Source 2** Malcolm Turnbull used different social media accounts to share information about his political campaign, and to appear more relatable to voters.

## Check your learning 9.5

### Remember and understand

- 1 What is social media?
- 2 Why is it important to question what we read online?
- 3 Name three reasons why politicians might use social media.

### Apply and analyse

- 4 Consider the social media campaigns of Malcolm Turnbull and James Mathieson. How did they use social media to help their political campaigns?

### Evaluate and create

- 5 Imagine you are in charge of planning the social media strategy for a politician who is running in your local electorate for the first time. People do not know him very well so he needs to increase his public profile. Choose one social media platform and develop an audiovisual presentation to explain why you chose that social media platform, how you will use the social media site to increase his profile, what kind of information you will post or share, and how often you will post. (Hint: you might also like to promote events or activities for the campaign as part of your social media presence.)

# 9.6 Counting the votes

Have you ever voted? It might have been for a class captain or you may have voted for your favourite contestant on a talent show. Voting gives us all the freedom to have 'a say' in who we think is the best person for the job.

All eligible Australians aged 18 and over must vote in national and state parliamentary elections. Unlike most major democratic countries, Australia has compulsory voting. Those who do not vote can be fined. Voting is also by secret ballot; no one has the right to know who someone voted for.

## Voting in a federal election – the House of Representatives

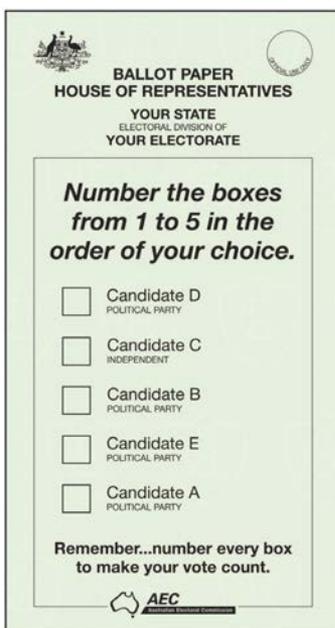
On arrival at a polling booth, voters are given two ballot papers to record their vote. The ballot paper to elect one member from their electorate to the House of Representatives can be seen here in Source 1. Voters mark their preferences by putting a number in each box. Marking '1' next to the candidate indicates the voter's first preference. Voters then mark their second choice by marking '2' next to a candidate and so on, depending on how many candidates there are in that particular electorate. If a voter does not follow the procedure

outlined, the vote will be considered informal (incorrect and incomplete) and won't be counted.

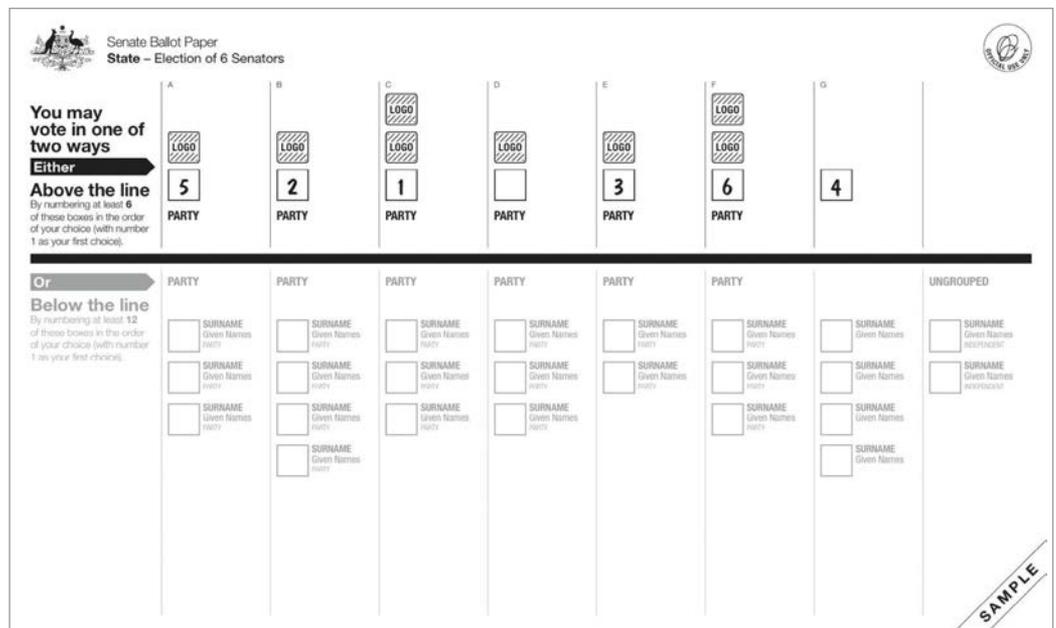
The **preferential system** of voting is used to determine who will win a seat in the House of Representatives. In order to win, a candidate must receive a majority of the votes, which is half of the votes plus one. If a candidate receives the majority of the first preferences they are elected straight away. If not, then the candidate with the fewest first preferences is eliminated and the second preferences on those ballot papers for that candidate are distributed to the other candidates. If 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 three years.

## Voting in a federal election – the Senate

Senators are elected for six 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 six-year term.



Source 1 A House of Representatives ballot paper



Source 2 Senate ballot paper

## 9A What factors influence Australia's political system?

The aim of this rotating system is so that the Senate reflects the view of voters at different times.

On election day the voter is given a large white ballot paper (see Source 2), and can vote for candidates in one of two ways. Voters can mark their preferences numbered from at least 1 to 6 for a party or group in the boxes above the line (although they can number all boxes above the line). Alternatively, they can number their preferences for candidates from at least 1 to 12 below the line (but they can number all boxes below the line if they wish).

**Proportional representation** is the voting system used in the Senate. In Senate elections voters are voting to fill more than one vacancy. In order to win a

place in the senate the candidate must reach a **quota**. A quota is determined by adding one to the total number of vacancies to be filled and then dividing the total number of formal votes by this number and adding one.

The quota for electing six state senators is calculated like this:

$$\begin{aligned} \text{Vacancies: } & 6 \text{ senators} + 1 = 7 \\ \text{Total formal votes: } & 700\,000 \\ \text{Quota} & = \frac{700\,000}{7} \\ & = 100\,000 + 1 \\ & = 100\,001 \end{aligned}$$

A candidate that reaches the quota becomes a senator.

### Check your learning 9.6

#### Remember and understand

- What is the system of voting used in the following houses of the federal parliament?
  - House of Representatives
  - Senate
- What are the consequences of not voting in a federal or state election in Australia?
- A voter who votes above the line on a senate ballot marks their first preference only. Who decides the voter's preferences?

#### Apply and analyse

- Give one reason why we vote by secret ballot in Australia.
- Provide one argument for and one argument against compulsory voting in Australia.
- Why are only half of the senators elected at each election?
- Calculate who has won their seat in the House of Representatives election. Assume for simplicity that there are only 100 voters.

- Calculate the quota for a senate election in the ACT where two senators are elected and there are 2400 formal votes.

#### Evaluate and create

- Go to the Australian Electoral Commission website and search for 'Comic creations'. Use the interactive to create an online comic strip about the ways of voting.
- Go to the Australian Electoral Commission website and find out:
  - when women were given the right to vote in Commonwealth elections
  - when Indigenous Australians were given the right to vote in Commonwealth elections.
- Create a PowerPoint presentation that communicates the main issues that led to each of these groups being given the right to vote.

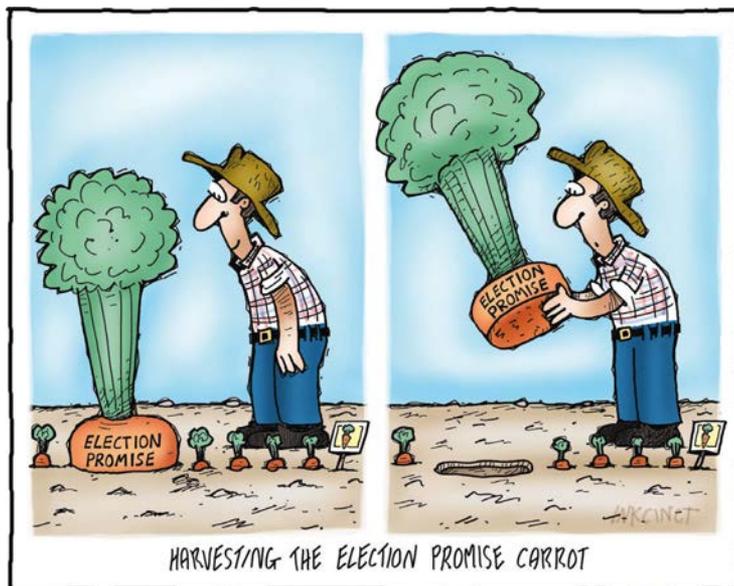
| Candidate                 | John   | Isabelle  | Tony  | Aditi   |
|---------------------------|--|---|---|---|
| <b>First preferences</b>  | 40   | 31  | 15  | 14  |
| <b>Second preferences</b> | <ul style="list-style-type: none"> <li>Isabelle 15</li> <li>Tony 15</li> <li>Aditi 10</li> </ul> | <ul style="list-style-type: none"> <li>John 20</li> <li>Tony 10</li> <li>Aditi 1</li> </ul> | <ul style="list-style-type: none"> <li>John 5</li> <li>Isabelle 5</li> <li>Aditi 5</li> </ul> | <ul style="list-style-type: none"> <li>John 11</li> <li>Isabelle 2</li> <li>Tony 1</li> </ul> |

## 9A rich task

# Behind the election

Sometimes voters feel bombarded with information at election time. They turn on the news and see politicians kissing babies and meeting members of the public. The phone rings and it is another pollster. A political message also awaits the voter in their letterbox and a trip to the local supermarket might involve shaking the local candidate's hand. It's sometimes difficult to decipher all the information we are given around election time.

Political cartoonists provide some light relief to the barrage of information at election time because they often use humour. Behind the humour, though, there is usually a serious message.



**Source 1** Politicians may 'dangle carrots' to entice voters in the run up to an election.

## skilldrill: Reasoning and interpretation

### Analysing political cartoons

Political cartoons appear in newspapers, magazines and online. They are popular because they use humour to pass comment on topical political and social issues. They tend to present caricatures of important political figures, exaggerating their physical features for effect – for example, making a politician's big nose appear huge. Many cartoonists use stereotypes; generalisations about a group of people, for example, that all Australians say 'G'day mate'. Metaphor is also commonly used, where a parallel is drawn between two things that are different; for example, saying a stubborn person is a mule.

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** Simply 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? An example of how to use these steps has been done for you.

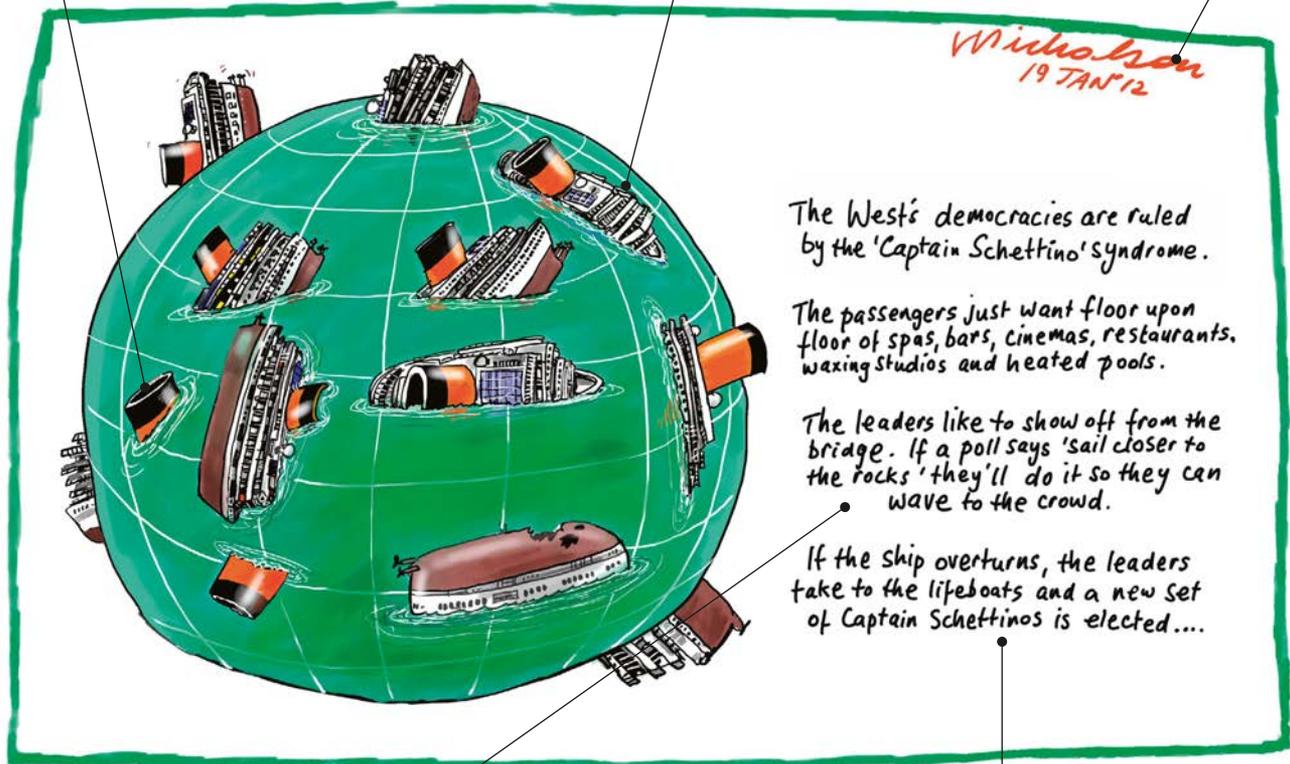
### Apply the skill

- 1 Follow the steps outlined above to analyse Source 2.

**Step 2** Ships are sinking. Passengers are in command, not the captain of the ship.

**Step 4** The cartoonist has used the metaphor of the sinking ship. The ship signifies democracies in the Western world such as Australia. The passengers are the voters. Captain Schettino in real life was the captain of Italian ship the *Costa Concordia* that sank in 2012. Captain Schettino symbolises the leader of the government.

**Step 1** This cartoon was drawn in 2012.



**Step 3** The cartoonist is saying that sometimes the country is not 'steered in the right direction' because leaders are too worried about what the voters think. They are more interested in staying in power than making the right but tough decisions.

**Step 5** The cartoonist is using humour to make his point. I agree; sometimes the right decisions are not made because politicians are continually thinking about opinion polls. On the other hand you could say elections make politicians strive to do better, which is good for us.

**Source 2** A political cartoon may be analysed by following the steps outlined.

## Extend your understanding

- 1 Create a political cartoon of your own about elections by following these steps.
  - a Make a list of points about elections. For example, 'politicians break their promises'.
  - b Think of images that might help you illustrate your point. Think about how you will make people laugh. Consider using symbols, metaphors and caricatures.
  - 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.

## YEAR 9 Unit 2

### Laws and citizens

# 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 organisations – including the courts, tribunals, parliaments, police and prisons – 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.

For people to have confidence in the legal system, it is important that legal disputes are resolved in a fair and unbiased manner and that all people are treated equally before the law. Unfortunately, despite best efforts, this is not always the case.



## 10A

What key principles support Australia's legal system?

- 1 Look at each of the different situations represented in Source 1. Do you think all of the people shown are committing crimes? Why or why not?
- 2 Have you (or any of your friends or family) ever been involved in similar situations where you may have broken the law? Did you do so knowingly and were you caught?

## 10B

How does Australia's court system work?

- 1 As a class, list the names of any Australian courts. Suggest what types of cases might be heard by these courts.
- 2 As a group, try to think of at least two famous Australian legal cases. When did each of these cases take place, what were the basic facts of each case and what were the outcomes?



# chapter 10

**Source 1** Australia's legal system is designed to govern and regulate the ways in which all citizens behave. A range of formal 'legal rules' known as laws helps to achieve this. There are laws relating to almost every situation we encounter on a daily basis.

# 10.1 Understanding laws and why we need them

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When you think about it, many aspects of our daily lives are regulated by rules. In fact, almost every group to which we belong – whether it is our family, school, local sporting club, church or community group – imposes rules. Often, if we want to stay part of these groups, we have to obey their rules. Likewise, as Australian citizens, we all have a responsibility to obey a more formal set of rules (known as **laws**). So what is the difference between a rule and a law?

## The difference between non-legal rules and legal rules (laws)

**Non-legal rules** and **legal rules** (laws) govern our daily lives. There are some key differences between these two types of rules.

### Non-legal rules

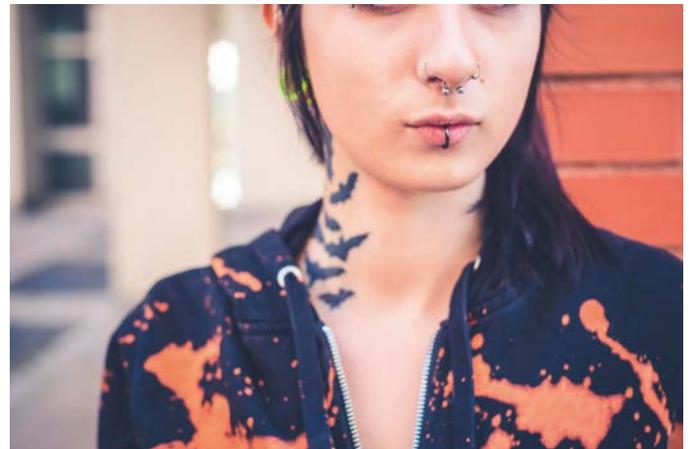
Non-legal rules are rules or regulations that are imposed upon the members of a specific group so they can work together in a peaceful manner. For example, schools, families and sporting clubs all enforce a range of non-legal rules to ensure the smooth operation of their group. For example:

- schools can require students to wear a uniform and not have obvious body piercings
- parents can require children to undertake specific tasks or chores
- sporting clubs can require regular attendance at training sessions.

Whatever the non-legal rules might be, they are generally imposed to help establish a code of behaviour that is acceptable to the majority of group members so they may work together in a cooperative manner. Any member who breaks a rule may incur a penalty imposed by the group. For example, a sporting club might suspend those who miss a training session from participating in a scheduled game.



**Source 1** Sporting clubs have established non-legal rules.



**Source 2** A school imposing a code of dress (or uniform) that restricts tattoos or body piercing is an example of a non-legal rule.

### Legal rules (laws)

Legal rules, or laws, are similar to non-legal rules in that they also exist to regulate our behaviour. However, legal rules are made by official law-making bodies – such as parliaments, local councils and the courts – and apply to all members of society. Laws are also enforced by the police and courts and any individual that breaks a law may receive a punishment (referred to in legal terms as a **sanction**). These are imposed by the courts, and may include paying a fine, or, for a serious breach, spending a period of time in prison.

## Reasons we have laws

There are many reasons why societies must be regulated by laws. Firstly, laws help establish boundaries of acceptable behaviour, so that all members of the community can be aware of the type of conduct that will and will not be tolerated by the majority of people. The goal is that individuals treat one another with respect and do not undertake actions that disturb or violate the rights of others or threaten a peaceful way of life. For example, in Australia we have anti-bullying and anti-discrimination laws, which make it unlawful to victimise, abuse or discriminate against another person on the basis of their race, religion or sex.

Laws also help maintain a unified society by preventing disputes from arising and protecting



Source 3 There are anti-bullying laws in place in Australia.



Source 4 Laws are made to protect specific groups within our community, including consumers, children and those at risk of being cyber-bullied.

individuals from harm. For example, many different laws exist in Australia to protect individuals and specific groups from danger and maltreatment, including **consumer**, workplace, family, environmental and child protection laws.

### Check your learning 10.1

#### Remember and understand

- 1 Why would an organisation like a school or sporting club impose specific non-legal rules or regulations?
- 2 What, in legal terms, is a sanction?
- 3 Describe two sanctions that could be imposed by a court in Australia.

#### Apply and analyse

- 4 Identify a club or group you, or someone you know, belongs to. It could be a sporting club, church group or volunteer society. Investigate and list five non-legal rules that are imposed by the group, and jot them down. Then:
  - a suggest reasons why each rule may have been created
  - b state any consequences associated with breaking each rule
  - c explain whether or not you agree with each rule.
- 5 List five legal rules or laws that, as an Australian citizen, you must obey. For each law suggest why the law was most likely made and the likely consequences of breaking the law.
- 6 Imagine you had the power to create or alter three laws.
  - a What laws would you introduce or change? Give reasons for your answer.
  - b Identify any groups who may oppose your suggested law changes. Give reasons for your response.

#### Evaluate and create

- 7 Divide into small groups or pairs and prepare a short role-play that illustrates the difference between non-legal rules and laws. Record or perform your role-play before the class and have your classmates identify the different non-legal rules and laws.

## 10.2 How laws are made

In Australia, laws can be made by a number of different bodies or organisations. For example, Commonwealth, state and territory parliaments can make laws, as well as other bodies such as local councils and court judges.

### The role of parliament in law-making

Most laws in Australia are made by **parliaments**. A parliament is a group of people elected by the majority of society to make laws on their behalf. Laws made by parliament are referred to as **legislation**, **statutes**, or **Acts**. In Australia we have two levels of parliament – Commonwealth and state/territory. 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.



**Source 1** State parliaments have the power to make laws related to driving.



**Source 2** Local councils have the power to make laws in areas such as waste disposal and recycling.

For example, the Commonwealth Parliament has made the laws on marriage and divorce that apply to and must be followed by all Australians, regardless of the state in which they live. By contrast, the state parliaments are responsible for making driving and adoption laws, and so laws in these areas may vary from state to state. For example, the minimum age to apply for a probationary motor vehicle driver licence in Victoria is 18 years, whereas the minimum age in Queensland is 17 years.

In addition to having the Commonwealth, 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 Country Fire Authorities. Statutory authorities are created by the 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; garage sales; and even 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 or law that must be followed by judges in other courts when a similar case arises. Law made by judges is known as **common law**, which will be examined in more detail later.

In Australia, all people and organisations – including those who make and enforce the laws, such as members of the parliaments, judges and the police forces – 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 and organisations throughout Australia and must be upheld by all. The rule of law also means that the law can only be enforced and altered by those with the legal authority to do so. In Australia, the Commonwealth, state and territory parliaments, and courts have the main power to make and enforce the law.



Source 3 Judges in higher courts may, on occasion, make laws.

### Check your learning 10.2

#### Remember and understand

- 1 Identify the main law-making bodies in Australia.
- 2 What is a statutory authority? Give two reasons why these bodies are given the power to make laws on behalf of the parliament.

#### Apply and analyse

- 3 Decide which level of parliament, Commonwealth or state, would most likely make laws with respect to the following areas:

- |                          |                   |                   |
|--------------------------|-------------------|-------------------|
| a currency               | e anti-terrorism  | i border security |
| b education              | f hospitals       | j electricity     |
| c Australian citizenship | g fire brigade    | k asylum seekers  |
| d water supply           | h postal services | l police force.   |

- 4 Suggest one benefit of parliaments making law.
- 5 Research the name of your local or municipal council and list at least five laws made and enforced by this body.

#### Evaluate and create

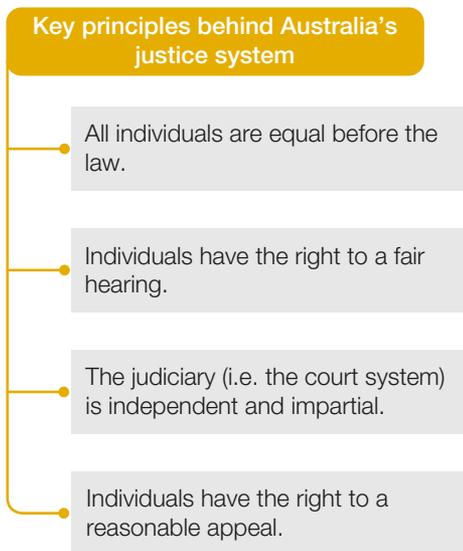
- 6 Create a poster or collage that illustrates the main law-making bodies in Australia and provides examples of the types of laws made by each body.
- 7 Go to the Parliament of Australia website and take a virtual tour of Parliament House.

# 10.3 Australia's legal system

Australia's legal system is made up of a range of courts and tribunals, laws, procedures and legal personnel. This includes judges, **magistrates**, legal representatives or lawyers, the police force and people working in the prison system.

## The principles of our legal system

Our legal system is also built on a number of key principles, or beliefs, that are designed to help protect the rights of all Australian citizens (see Source 1). For example, two main principles that underpin our legal system are the belief that all people should be treated equally under the law and that our courts and judges must be independent and impartial. These two principles aim to ensure that all people who come before the courts receive a fair and unbiased hearing or trial. Another key principle that strengthens our legal system is that individuals have a reasonable right to **appeal** decisions handed down by judges.



**Source 1** Key principles of Australia's legal system

## 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 that all individuals regardless of their race, ethnic background, sex, income level

or mental capacity should be treated equally when dealing with the legal system. This includes being treated equally by the police, court personnel and other legal authorities. We should also all have an equal opportunity to access or use the court system to resolve our disputes.

## How is equality before the law achieved?

Various processes and procedures exist within our legal system to help make sure that all people who have dealings with the police, courts and other legal authorities, are treated equally regardless of their personal circumstances or background. For example, a range of laws aim to ensure people are treated equally and fairly when being questioned by the police, including an individual having the right to remain silent and not answer questions (other than giving their name and address); the right to be warned prior to questioning that 'anything they do or say may be used against them in a court of law'; the right to an interpreter if they do not understand English very well; and, for people aged under 18, the right to have a parent, guardian or independent adult present when being questioned.



**Source 2** Lady Justice wears a blindfold to symbolise the legal system is objective and impartial.

Similarly, when being investigated by the police, all people have rights that must be observed including, under certain circumstances, the right to refuse to give forensic samples (such as hair or saliva samples) or participate in identification parades. All people charged with a serious crime (such as serious assault, selling illegal drugs and murder) also have the right to a **presumption of innocence**, meaning they must be treated as innocent until proven guilty, from the moment they are charged with a crime to their court hearing or trial. This includes having the right to be free to return home and live within the community (referred to as being granted **bail**) prior to their court appearance unless there is a genuine reason to deny this freedom. This refusal to grant bail could be that the court believes the accused person is a potential threat to the community and may harm other people if granted their freedom.

### Who might be disadvantaged by our legal system?

Unfortunately, some groups within Australian society, including Indigenous Australians, people from culturally and linguistically diverse communities – such as migrants, refugees and asylum seekers – and people

with mental health issues or intellectual disabilities, often experience difficulty when dealing with our legal system. Cultural differences and language or communication barriers can make it difficult for people within these groups to understand how our legal system operates and to interact or talk with legal authorities such as the police and court personnel. People with low incomes also often cannot afford to have a legal representative or lawyer to help them understand our legal system and prepare and present their case to the court.

Given that there are groups within our community that are at a disadvantage when dealing with our legal system, it is important that support services are provided to assist these groups and cater for their specific needs. One organisation that provides such support is Victoria Legal Aid – a government-funded but independent body that provides free or low-cost legal advice and lawyers to the most disadvantaged people throughout Victoria. These people may need assistance with a range of legal issues including crime-related, family, social security, immigration and discrimination matters. Unfortunately, however, this assistance is severely limited due to inadequate government funding.



**Source 3** Asylum seekers, refugees and migrants can be at a disadvantage when dealing with our legal system and often need legal support and assistance.

## casestudy

### Do people with disabilities need more of a 'fair go'?

In 2014, a report by the Disability Discrimination Commissioner found that the Australian legal system does not provide adequate support services for people with disabilities who come into contact with the criminal legal system – for example, those who might be victims of crime, witnesses or offenders. As such, these people have a greater chance ending up in prison. Disturbingly, people with disabilities are also more likely than the general population to be victims of violence.

In order to improve this situation, the report recommended a range of reforms, including increasing the amount of assistance available for people with disabilities and their carers – such as early intervention services – and providing training for police and lawyers so they are better able to assist these people.



**Source 4** Ms Julia Haraksin won a legal action against a tour bus company that denied her service because it could not accommodate wheelchairs.

### An independent and unbiased judiciary

The Australian legal system is based on the key principle that our court system (known as the **judiciary**) is independent and impartial. Being independent means that the courts are separate from the elected parliament and government, and the judges and magistrates are therefore free to make decisions without these bodies 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 government, is above the law. It also prevents the government from influencing court decisions and enables the courts to check that the Commonwealth, state and territory parliaments do not misuse laws or make any laws beyond their power.

Having an impartial judge sitting or presiding over a court case helps make sure that all trials that take place throughout 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 consistently 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 over the other.



**Source 5** Judges must remain independent and impartial in order to ensure a fair hearing or trial.

The judge also makes sure that both parties have an equal opportunity to present their case by ensuring each 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 to the court, so the verdict is based on appropriate and accurate information. This means that parties cannot present hearsay or 'secondhand' evidence that may be untrustworthy to the court. Similarly, the past criminal record of the accused is usually not to be raised as evidence because it could potentially bias a verdict.

The independence of our judiciary is also maintained by having our courts open to the people. Generally all court cases are open to the public and the media so the proceedings are transparent or can be viewed by all.

## 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 or have their case reviewed by a higher court – providing reasonable grounds for appeal exist. For example, a person who has been found guilty of a crime may be able to lodge an appeal against the guilty verdict or the severity of the sentence if they can provide reasonable grounds. Similarly, a party may 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.



**Source 6** Courts are open to the public and media to make sure proceedings can be viewed by all.

### Check your learning 10.3

#### Remember and understand

- 1 Explain two procedures that help ensure court cases are resolved in a fair and unbiased manner.
- 2 Suggest two rights of individuals that mean they are treated fairly by the police.
- 3 Describe how the Australian legal system maintains an independent judiciary or court system.
- 4 Name two aspects a judge should demonstrate to help ensure a fair and unbiased trial.
- 5 Explain how the use of legal representatives or lawyers can ensure a fair trial.

#### Apply and analyse

- 6 Explain two features of the Australian legal system that aim to see that all people are treated equally before the law.
- 7 Explain two ways in which the Australian legal system fails to treat all people equally.
- 8 Discuss whether or not a person who is charged with a serious crime – such as attempted murder or serious assault – should be able to refuse to answer police questions, other than providing their name and address.

- 9 Discuss whether a person who is on trial for a serious crime – such as rape or dangerous driving causing death – should have any of their previous crimes read out to the court prior to the verdict being given.
- 10 Examine Source 3. How has our legal system failed to support asylum seekers, refugees and migrants? Identify two other groups in Australian society who might be disadvantaged by our legal system.

#### Evaluate and create

- 11 Visit the Australian Human Rights Commission website via the link in your obook. Locate the section of the website relating to 'disability rights'. Research the ways in which people with disabilities are not being treated equally before the law. Suggest two changes that could be made to improve this situation.
- 12 Visit the Victoria Legal Aid website via the link in your obook and prepare a brochure that outlines some of the main services and assistance offered by this organisation.

## 10A rich task

# Social media and the right to a fair trial

In a criminal trial, a jury of 12 randomly selected citizens determines the verdict as to whether or not the accused is innocent or guilty. One benefit of having a jury of 12 ordinary people determine the verdict, rather than a single judge, is that they will be able to reflect a range of different views and values in their discussions and deliberations. Similarly, it is argued that it is fairer for the accused to be judged by their peers or a group of independent 'everyday people', rather a legal authority.

People who oppose the use of a jury, however, argue that jury trials can be unfair because individual jurors cannot be prevented from conducting their own online research into the case they are hearing and finding information that may cause them to develop a bias against the accused. For example, in 2015 a Victorian judge had to abandon a trial that had been running for five weeks after it was discovered that two of the jurors had used the Internet to research information about the accused. Similarly, in 2015, former television star Robert Hughes, who had been found guilty of various sexual and indecent assault charges dating back to the 1980s, lodged an appeal because he believed the massive media coverage surrounding his trial (including a huge amount of false and vicious social media commentary) would have caused the jury to be unfairly biased against him. The 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. Jurors may be biased by what they read, believing it to be true, although there is no actual evidence provided.

**Source 1** People who oppose the jury system in criminal trials argue that social media platforms like Twitter, Facebook, Snapchat and Instagram are threatening the right to a fair trial because information on court cases is now so freely available to members of the jury.

### skilldrill: Reasoning and interpretation

## Preparing a written critical evaluation of information and ideas

Being able to critically evaluate information and ideas is a key skill. Critically evaluating something involves the following steps:

- Step 1** Examine evidence from a wide range of sources about an issue.
- Step 2** Review evidence that should come from sources that both agree with and contradict an argument on the issue.
- Step 3** Decide to what extent a statement or findings within a piece of research are true, or to what extent you agree with them.
- Step 4** Finally, reach a conclusion or verdict based on what you judge to be the most important factors, and justify how you have made your choice.

Critical evaluation 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 different beliefs and values. Having the ability to consider different perspectives also enables us to expand our perceptions and make more informed judgements.

When preparing a written critical evaluation you must provide more than an explanation of the information or ideas, you must identify the key features of the material and issues, and assess their relative merits by explaining the associated strengths and weaknesses. You should also provide a concluding statement, which can include your own opinion.

The table in Source 2 outlines the steps involved in preparing a written analysis or critical evaluation of a controversial issue.



**Source 2** Steps to write a critical evaluation

|  | What you need to do  | How to do it   |
|--|--|--|
| <b>Step 1</b><br>Gather relevant information       | Gather a range of relevant information from a variety of sources that will enable you to examine the arguments <i>in support of</i> and <i>against</i> the proposition or issue. | The Internet is a great place to commence researching a controversial issue and gathering relevant information, although you always need to check the authenticity 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?' |
| <b>Step 2</b><br>Write an introduction             | Examine your information and prepare a written introduction that outlines the issue you are examining.   | Your introduction should state and explain the issue and provide any relevant background information, such as why the issue has become controversial.  |
| <b>Step 3</b><br>Prepare the body of your response | The body of your response should include an examination of the key strengths and weaknesses associated with the issue.   | It is best to examine one strength at a time, providing a corresponding weakness (as appropriate), rather than presenting separate lists of strengths and weaknesses. Also provide any relevant information, such as case studies, statistics or quotes, to support each viewpoint.  |
| <b>Step 4</b><br>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 view based on the supporting evidence you have provided.  |

## Apply the skill

- 1 Prepare a written report (of around 500 words) that critically evaluates the following contention: 'The increasing use of the Internet and social media

threatens the ability of jurors to remain impartial or unbiased. As such, juries should be abolished in all criminal trials.' Prepare your written response by following the steps in the table.

**Extend your understanding**

- 1 Conduct an Internet search 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. You could research a high-profile criminal trial, such as Brett Cowen or Robert Hughes, to justify your evaluation.



**Source 3** High profile court cases, such as the trial of Brett Cowen, who was found guilty of murdering Queensland schoolboy Daniel Morcombe, attract great attention both in the mainstream media and on social media.

# 10.4 Types of legal disputes

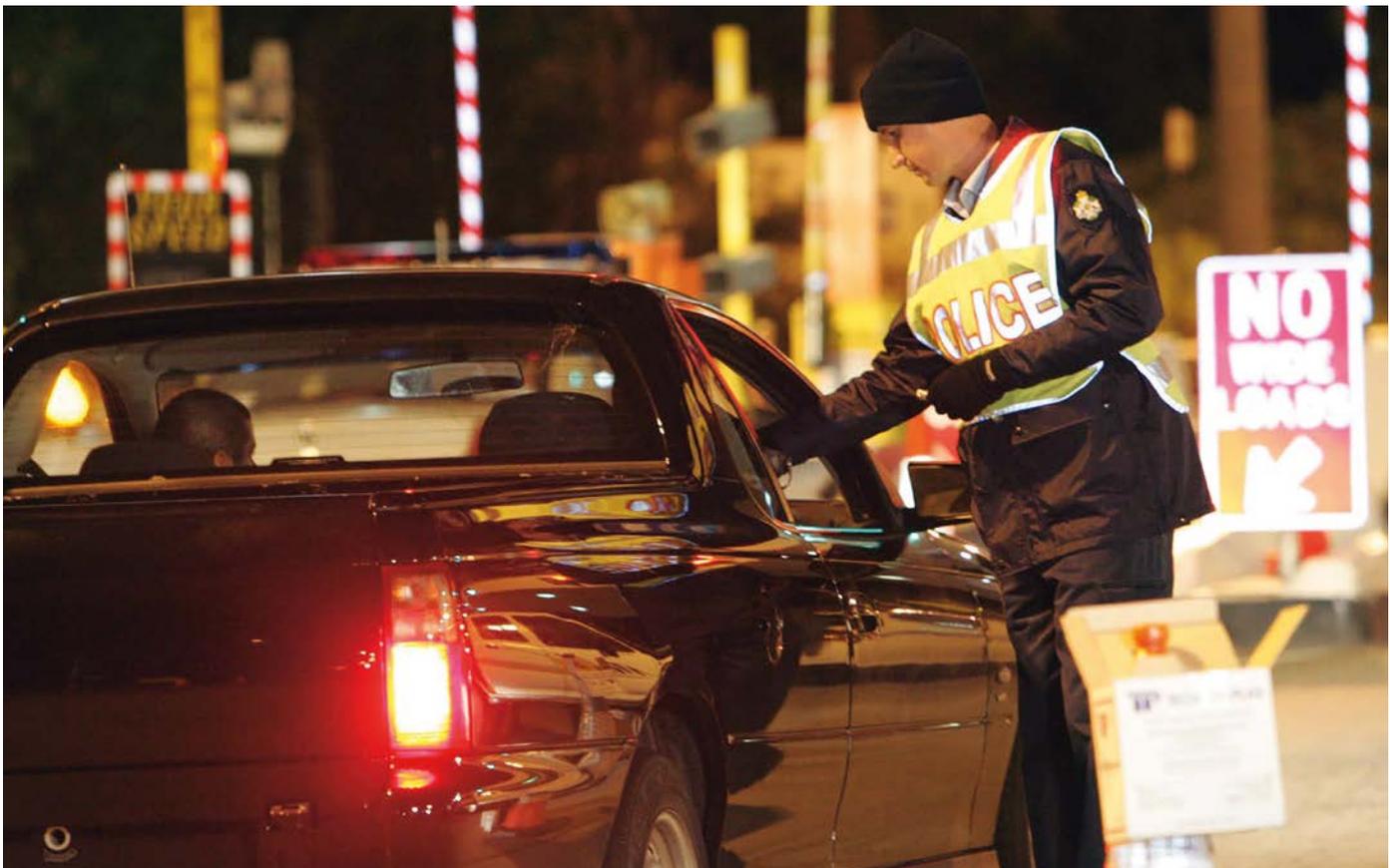
The Australian legal system includes a range of bodies or institutions, known as courts, to resolve legal disputes that may arise between individuals and the government. These courts are overseen or presided over by independent magistrates and judges who are able to listen to both sides of a dispute and make a fair and unbiased decision.

The main two types of legal disputes heard in Australian courts are criminal and civil cases. **Criminal cases** are those that involve an individual who has broken a law set out in the Crimes Act or Criminal Code Act, being charged by the police and often receiving a sanction. Criminal cases include murder, assault and sexual offences. **Civil cases**, by contrast, involve private people or organisations fighting over an alleged breach of individual rights, such as 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.

Source 2 Examples of criminal and civil cases

| Criminal cases   | Examples   |
|--|--|
| <b>Summary offences</b> (minor crimes heard by a magistrate)                       | Minor theft and minor traffic offences – e.g. exceeding the speed limit, driving an unregistered car         |
| <b>Indictable offences</b> (serious crimes that require trial by a judge and jury) | Murder, arson, dangerous driving causing death, serious violent assault, rape, and drug-trafficking          |
| Civil cases  | Examples   |
| Matters involving disputes between individuals over an alleged breach of rights    | <ul style="list-style-type: none"> <li>• Negligence</li> <li>• Defamation</li> <li>• Contract law</li> </ul> |



Source 1 If you are found guilty of committing a crime such as drink-driving, you may receive a punishment or penalty called a sanction.



**Source 3** Theft is a summary offence, and would generally be heard in the Magistrates' Court.



**Source 4** Indictable offences such as armed robbery are crimes heard in higher courts.

## Criminal cases

Criminal cases are those in which an individual (referred to as the **accused**), who has committed an illegal act that inflicts harm on another individual and/or society, is taken to court (or **prosecuted**) by the state or government. If an accused is found or pleads guilty to committing a crime, they may receive a punishment or penalty. Types of criminal sanctions include monetary fines or imprisonment.

### Types of criminal cases

Criminal offences – known commonly as crimes – are generally classified as being **summary offences** or **indictable offences**.

Summary offences are minor crimes that are generally heard in the Magistrates' Court (called a local

court in New South Wales). Common types of summary offences include theft, minor traffic offences such as exceeding the speed limit, and minor unlawful assault.

Indictable offences are serious crimes that are generally heard in higher courts, such as the District Court (or 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 generally heard before a judge and jury of twelve persons. The jury determines the verdict as to whether or not the accused is guilty and the judge determines the sanction (or punishment).

## Civil cases

Civil cases involve disputes between individuals (or groups) over an alleged breach of individual rights. In a civil case, the party who believes their rights have been infringed (referred to as the **plaintiff**) takes the case to court in the hope of receiving a **remedy** that will restore them, as far as possible, to the position they were in prior to the wrongdoing. The most common type of civil remedy is a plaintiff being awarded a sum 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** action. 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.



**Source 5** It is often necessary to engage a barrister to plead on your behalf if a civil case needs to proceed to the courts.

### casestudy

#### Can using social media be a crime?

In 2013, Andrew Farley – a former school student – was ordered by a NSW District Court judge to pay \$105 000 in damages to a music teacher after making false and defamatory comments about her on Twitter. Despite being warned against it, Mr Farley posted the damaging statements on Twitter because he incorrectly believed the teacher involved was responsible for his father, also a music teacher at the school, losing his job. The case was the first in Australia involving defamation via Twitter, and made it clear that it is unacceptable to use Twitter, Facebook and other forms of social media to make false and defamatory statements about others.



**Source 6** Private individuals in Australia are subject to defamation law on social media, which includes defaming someone on Twitter.

## casestudy

### Are sentences too lenient?

In August 2015, Jamie McPherson, aged 70 years, was charged with two counts of culpable driving causing death. He started and continued a dangerous car chase, which led to two brothers in another vehicle being killed, when their car crashed into a tree. When imposing the sentence, the judge said that McPherson had started the dangerous car chase to deliberately terrorise another person and had shown no remorse for his actions. He then sentenced McPherson to eight years' imprisonment,

with a minimum of five years to be spent in prison before being eligible to be released.

In Victoria, a person who is guilty of culpable driving causing death (e.g. causing the death of a person by driving in a very careless or reckless manner or while under the influence of drugs or alcohol) can be imprisoned for a maximum of 20 years. However, between 2009 and 2014 the average sentence imposed for culpable driving causing death was 5 years and 11 months.



Source 7 Culpable driving causing death is a serious indictable offence.

## Check your learning 10.4

### Remember and understand

- 1 In your own words, explain the difference between criminal and civil cases.
- 2 Define the two main types of criminal cases.
- 3 Explain 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 Read the two case studies and complete the following tasks for each:

- a Decide whether the case is criminal or civil, giving reasons for your choice.
- b Discuss whether or not you believe the sanction handed down by the judge was appropriate.

### Evaluate and create

- 6 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.
- 7 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 state the key terms that indicate whether it is criminal or civil.

# 10.5 Court jurisdictions

The Australian legal system provides a large range of courts and informal tribunals to resolve all types of legal disputes. Each state and territory within Australia has its own system of courts and tribunals that can hear matters arising within that state or territory. We also have federal courts, including the Family Court, High Court of Australia, Federal Court and Federal Circuit Court of Australia, to resolve a range of disputes concerning laws made by the Commonwealth Parliament.

## The court hierarchy

The courts in each Australian state and territory are arranged in a **hierarchy** (see Source 1), 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). These courts hear 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 court hierarchy to enable the Australian court system to operate more effectively. For example, 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 their 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 to exist, where higher courts can review the decisions of lower courts. It also helps make sure that court decisions are consistent and predictable because magistrates and judges in lower courts can follow the decisions of judges in higher courts.

## State and territory courts

Each Australian state and territory has its own system of courts and tribunals. These hear cases involving a breach of state and territory laws, as well as some specified federal matters. 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.

Source 1 The Australian Court hierarchy

| FEDERAL COURTS (all Australian states and territories) |                    |                    |                |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| High Court   |                    |                    |                |                    |                    |                    |                    |                    |
| Federal Court  |                    |                    |                |                    |                    |                    |                    |                    |
| Family Court   |                    |                    |                |                    |                    |                    |                    |                    |
| Federal Circuit Court                                  |                    |                    |                |                    |                    |                    |                    |                    |
| STATE COURTS   |                    |                    |                |                    |                    |                    | TERRITORY COURTS   |                    |
|  | QLD                | VIC                | NSW            | SA                 | WA                 | TAS                | ACT                | NT                 |
| Superior courts  | Supreme Court      | Supreme Court      | Supreme Court  | Supreme Court      | Supreme Court      | Supreme Court      | Supreme Court      | Supreme Court      |
| Intermediate courts                                    | District Court     | County Court       | District Court | District Court     | District Court     |                    |                    |                    |
| Lower courts   | Magistrates' Court | Magistrates' Court | Local Court    | Magistrates' Court | Magistrates' Court | Magistrates' Court | Magistrates' Court | Magistrates' Court |

## 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 District or County 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

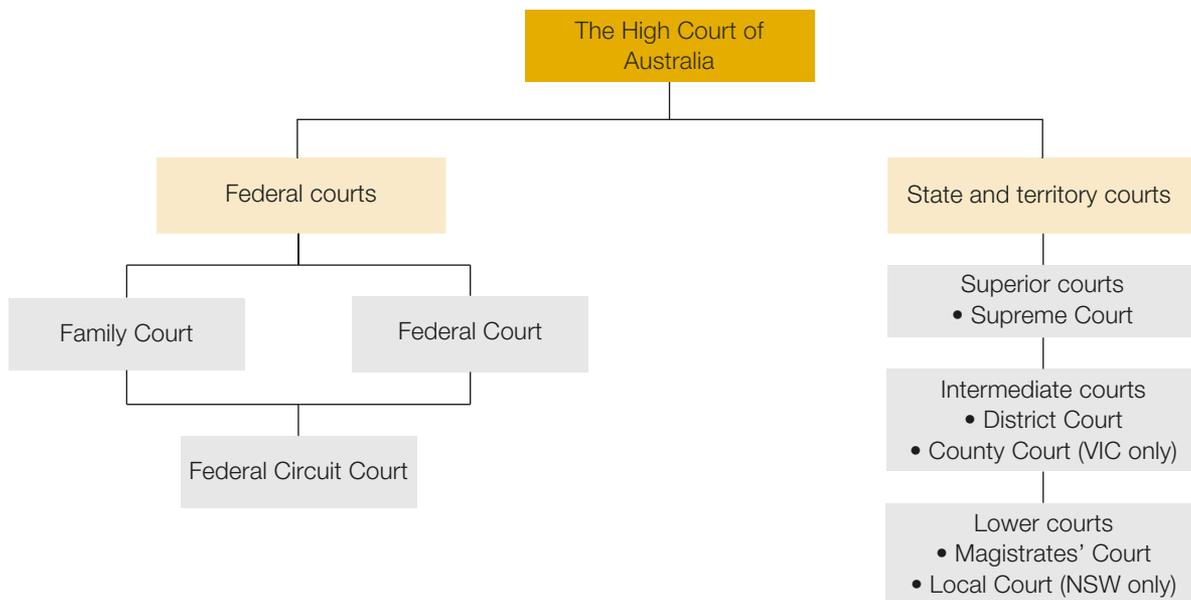
Intermediate courts, referred to as County (or District) courts, generally hear all serious criminal cases except murder and attempted murder, and serious civil cases involving amounts over \$100 000. They also have the power to hear certain types of appeals from the Magistrates' (or Local) Courts, such as appeals against the severity or leniency of a sentence imposed. In serious criminal trials where the accused pleads not guilty, a jury of twelve 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 called the Magistrates' Court (called the Local Court in New South Wales). These courts mainly hear minor criminal offences and civil cases involving amounts under \$100 000. The Magistrates' or Local Courts are the busiest courts in Australia, because most legal cases involve minor criminal offences, such as minor theft and traffic offences.



**Source 3** The High Court of Australia in Canberra is Australia's highest federal court (see Source 2).



**Source 2** Australia's federal and state/territory court hierarchy

## Federal courts

In addition to the state and territory courts, Australia has four federal courts to hear and determine matters involving laws made by the Commonwealth Parliament – the High Court, the Family Court of Australia, the Federal Court of Australia, and the Federal Circuit Court of Australia.

### The High Court of Australia

The High Court of Australia is probably the most well known federal court, sitting on top of each of the state and territory court hierarchies (see Source 2). The High Court, which first sat in 1903, 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 can also hear cases involving disputes over interpretations of the Australian **Constitution**, and any case of significant legal importance.

### The Family Court of Australia

The Family Court was created in 1975 to specialise in hearing cases relating to marriage and divorce disputes. For example, the court hears cases relating to disputes over parenting and property settlement and cases involving whether or not a marriage is valid under Australian law.

### The Federal Court

The Federal Court was created in 1976 to hear most civil disputes involving Commonwealth 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 Court of Australia

The Federal Circuit Court of Australia (formerly called the Federal Magistrates' Court) was created in 1999 to ease the workload of the Federal and Family Courts and provide a simple and more accessible alternative to the Federal Court. It hears a range of disputes including those involving family law and child support, human rights, copyright and privacy matters.



**Source 4** The Family Court of Australia (Lionel Bowen Building), Sydney

## casestudy

### Coles fined for misleading consumers

In 2014, a Federal Court judge ruled that Coles Supermarkets had broken Australian consumer laws that prevent businesses from misleading or deceiving the public. This was done by promoting their bread as

being 'freshly baked' and 'baked today, sold today' when the bread had actually been partly baked by the supplier and 'finished off' in Coles stores on the day of sale. Coles was ordered to pay a fine of \$2.5 million.

## casestudy

### Norrie's Case – does a person have to declare their gender?

In 2010, 'Norrie' – a 52 year-old Sydney person who does not identify as being either male or female – became the first person to be formally registered with the New South Wales Registry of Births, Deaths and Marriages as 'sex not specified'. A few months after the registration, however, Norrie received notification that it had been 'issued in error' and was not legally valid.

After unsuccessful attempts to have the registry's original acceptance of Norrie's registration status reinstated, Norrie lodged a successful appeal at the NSW Supreme Court of Appeal. Three judges unanimously agreed that people should be able to have a 'gender neutral status', meaning they not be required to identify themselves as either male or female.

The NSW Registry of Births, Deaths and Marriages, however, refused to accept this decision and lodged a final appeal to the High Court of Australia. In 2014, the High Court dismissed the appeal, and upheld the decision of the NSW Supreme Court of Appeal, ruling that the sex of an individual is generally irrelevant to most legal relations, with the exception of the current marriage laws that prohibit same-sex marriage.



**Source 5** Norrie won a High Court case and became the first person not required to specify a gender with the NSW Registry of Births, Deaths and Marriages.

## Check your learning 10.5

### Remember and understand

- 1 Define the term 'court hierarchy'.
- 2 Explain two reasons that courts in Australia are ranked in a hierarchy.
- 3 Briefly outline the role of the Family Court of Australia.

### Apply and analyse

- 4 Read the case study 'Norrie's Case' and complete the following tasks.
  - a Decide whether the case is criminal or civil. Give reasons for your choice.
  - b Name the courts involved and explain what type of cases they generally hear.
  - c Explain why Norrie took this case to court and comment on the final decision.

### Evaluate and create

- 5 Using the Internet, conduct research into your state or territory's courts system.
  - a Create a flowchart that illustrates the court hierarchy.
  - b State the name of three courts that exist in your state or territory and briefly explain the role and types of cases that can be heard in each court.
- 6 Collect one article that refers to a case or matter being heard in each of the courts in your hierarchy and summarise the facts of each case. Where possible, comment on whether or not you think the outcome of the case was fair.

# 10.6 The role of the courts

In Australia, most laws are made by parliament. In fact the main role of the state and federal parliaments is to make laws (called **legislation** or **statutes**) 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 brought 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 allows the law to develop over time. For example, the law of negligence has largely developed through judges making decisions in cases where there was no existing legislation that could be applied to resolve a dispute at hand. In fact, Australian negligence law was first established in the mid 1930s, in the famous case of *Grant v Australian Knitting Mills* (1936). In the absence of any parliamentary legislation, 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 1** Could your sleepwear be involved in a negligence case?

## 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 (or parliamentary law) but the wording of the legislation is unclear, and hence needs to be interpreted or given meaning by the judge before it can be applied to resolve the case at hand. 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 a woman who had undergone a sex change (to become a man) and another woman was valid under Australian law (which states that a legally valid marriage can only take place between a man and a woman). The court interpreted that a post-operative female-to-male transsexual was 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 and also set a precedent.

## casestudy

### Can a slippery chip earn you \$500 000?

In 2012, the High Court of Australia set a precedent when it resolved an eight-year dispute between Kathryn Strong and Woolworths supermarket chain over injuries Ms Strong incurred when she slipped on a greasy patch on the floor outside a Woolworths supermarket. The court had to determine whether or not Woolworths had most likely been careless and breached their duty of reasonable care by failing to adequately inspect the floor and remove a greasy spot left from a hot chip dropped in a sales area directly outside their supermarket entrance. Ms Strong, who was walking on crutches at the time, slipped on the greasy spot and severely injured her spine.

The High Court judges agreed with the judge in the original District Court by ruling that Woolworths was responsible for Ms Strong's injury and awarded her over \$580 000 in damages to compensate for her losses. In making the decision the High Court set a broad precedent that it was reasonable for supermarkets and other stores to inspect and clean floors located near food courts and in high traffic areas every 20 minutes.



**Source 2** Kathryn Strong was awarded more than \$580 000 after slipping on a greasy hot chip patch at the entrance of her local supermarket.

## Check your learning 10.6

### Remember and understand

- 1 Distinguish between the main role of parliament and the main role of the courts.
- 2 Explain two situations in which courts or judges can make law.
- 3 What is a precedent? Explain how judges make law by setting precedents.
- 4 Suggest two reasons why legislation or laws made by parliament may need interpreting by the court before they can be applied to resolve a case.

### Apply and analyse

- 5 Read the case study, *Strong v Woolworths Limited* (2012), and complete the following tasks.

- a Explain whether the case is a criminal or civil case.
- b Outline the basic facts of the case and comment on whether or not you agree with the precedent set by the High Court.

### Evaluate and create

- 6 Research one of the following Australian court cases and prepare a summary that outlines 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

## 10B rich task

# Marriage equality and the law

In October 2013 the Australian Capital Territory parliament passed legislation, the *Marriage Equality (Same Sex) Act 2013*, to legalise same-sex marriage in the ACT. However, only a few days after it came into effect, the law was declared invalid by the High Court on the grounds that it conflicted with existing Commonwealth marriage laws that require marriages in Australia to be between a man and a woman.



**Source 1** Same sex couples were able to legally marry in the ACT for five days in 2013 before the High Court of Australia declared the newly implemented law invalid.

The passing of the ACT legislation, demonstrated the growing support within Australia to follow other countries and legalise same - sex marriage. In 2015, the United States of America became one of 20 other nations to legalise same-sex marriage, joining countries such as the Netherlands, Belgium, Spain, Canada, South Africa, Norway, Sweden, Portugal, Iceland, Argentina, Denmark,

Uruguay, New Zealand, France and Britain. Similarly, various national surveys have indicated that between 65–70 per cent of Australians support same-sex marriage, with approximately 75–80 per cent believing that legal change is inevitable.

One of the main reasons why many individuals and groups support the legalisation of same-sex marriage in Australia is that it is consistent with the basic principle that underpins our legal system, that ‘all people should be treated equally before the law’. This would give same-sex couples the same legal rights that derive from being married, including having the same access to adoption, as heterosexual married couples receive. Many people also believe that allowing same-sex marriage might help reduce unacceptable negative stigma associated with being gay and promote tolerance and understanding within the community.

Conversely, those who oppose same-sex marriage on a range of social, religious, political and legal grounds, often argue they act to support the rights of children. They argue a child has a right to have a mother and a father, believing that marriage should remain a cultural institution based upon the basic biological principle that a man and a woman are the ‘natural’ creators of life and reproduction. Similarly, some argue that legalising same-sex marriage may make it more difficult to deny other groups, such as polygamists – who support being legally able to be married to more than one person at a time – the right to marry.



**Source 2** Various protests have taken place in support for and against legalising same-sex marriage.

**skilldrill:** Reasoning and interpretation

## Analysing different points of view

Being able to gather, analyse and interpret information is a key skill that enables us to gain an understanding of views and opinions that may be different from our own. It helps us to develop empathy for people who hold and express different beliefs and values. Having the ability to consider different perspectives also enables us to expand our perceptions and make more informed judgements.

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 – such as whether or not the Australian marriage laws should be altered to legally recognise same-sex marriage – follow these steps.

**Step 1** Identify the issue you are going to examine.

**Step 2** Gather sources from a range of different places.

For example, articles from different websites or a range of newspapers. Make sure they are not all written by the same person.

**Step 3** Identify each author's viewpoint. For example, do they support or are they against the legal recognition of same-sex marriages?

**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: has any of the information provided 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.

## Apply the skill

**1** Using the Internet and other forms of media, collect information from two different sources that support the legalisation of same-sex marriage in Australia. You might use newspaper or journal articles, media broadcasts and transcripts, the websites of political parties or other religious and social organisations. Also collect information from two different sources that oppose the introduction of same-sex marriage.

For each source of information, provide:

- a** a summary of the author's viewpoint on the issue
- b** a short statement (100 words) that discusses any values, morals, motivations and context that underpin each source of information.

**2** After you have examined your four sources of information, prepare a summary of main reasons for and against the legalisation of same-sex marriage. Provide a concluding statement that outlines your personal view on the topic.

## Extend your understanding

**1** Identify another controversial issue in the media, such as lowering the speed limit, or raising the legal drinking age to 21. In pairs, research your topic and make an analysis of different sources. Have each member of

the pair present the 'pros' and 'cons' of the issue to the class, explaining the justification for why different people have a range of opinions about it.

## YEAR 9 Unit 3 Citizenship, diversity and identity

# Diversity and identity in Australia

Australia is one of the most multicultural nations in the world. That means that our society is made up of people from various cultures, which come together to shape Australia. Our multiculturalism is expressed in things like the foods we eat, the languages we speak and the religions we practice. In addition to immigrants from more than 200 countries, Australia's population is also made up of our indigenous population of Aboriginal and Torres Strait Islander peoples, who have lived on this land for tens of thousands of years.



## 11A

How do citizens participate in  
shaping Australia's identity?

- 1 What do you think the image on this spread says about diversity in Australia?
- 2 How is it that Australians can live as a united society despite people having different cultural and religious backgrounds?



**Source 1** A key feature of a united society is a strong sense of belonging and pride in your nation.

# 11.1 Citizenship and participation in civic life

A **citizen** is a person who legally lives in a geographical area, such as a town or country. 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 that person has as a citizen. The other aspect of being an Australian citizen is the social responsibility we have to members of our community. We all have our own personal or private lives, but we also have a civic life that we participate in and contribute to as the community we belong to.

## Australian citizenship

In a legal sense, all Australian citizens have responsibilities, such as obeying laws, voting in elections and serving on a jury if asked. Australian citizens also enjoy certain privileges, which include being able to vote for the members of parliament who will represent our views or being able to stand for election to parliament ourselves should we choose. Other privileges include being able to apply for an Australian passport to enter and leave the country freely, and knowing that we are entitled to receive assistance from our country should we need while overseas.



**Source 2** Individuals and groups volunteer for a variety of reasons.

Many Australian citizens go beyond the legal responsibilities they have because they believe they have a social responsibility to contribute to their community. If you have ever participated in a 'Clean Up Australia Day', donated to a worthwhile charity or participated in a sausage sizzle to raise money for a worthwhile cause, you will have made a social contribution to the community.

## Volunteering

Australians may contribute to their community and participate in civic life by volunteering their services without receiving payment. More than 6 million Australians volunteer their services to help others each year.

People choose to volunteer for different reasons. Some see it as an opportunity to gain experience in their field of interest while others want to help out with something they are passionate about, such as the environment or animal welfare. Many people also volunteer because it is encouraged by their religious beliefs. Muslims, for example, are encouraged to practice *sadaqah*, which means charitable giving. This can be in the form of giving up time to help out with projects, such as building a school, or donating



**Source 1** A Salvation Army worker helps with unpacking food to help those affected by the Brisbane floods. The Salvation Army is a Christian church and international charitable organisation.

money to charitable causes. Christian organisations, such as the Salvation Army, run many of the homeless shelters and soup kitchens in Australia. A website called GoVolunteer lists nearly 600 volunteer organisations to help people find the right volunteer work for them.

### Other ways to support your community

Contributing to the community may also involve a commitment to change behaviour in order to build a better society. For example, making a contribution to help protect the environment may be as simple as changing some habits, such as: using recycled bags when shopping; reducing waste that goes in the general rubbish bin by composting some food scraps; buying environmentally friendly products; and reducing car travel.

Participating in civic life may also mean contributing to culture, the arts and sporting life within the local community. Coaching a netball or football team, selling raffle tickets to raise money for a sporting club, donating a painting to charity or joining a choir are all examples of participation in and contribution to civic life.



**Source 3** Many citizens contribute to the community through ensuring they recycle, reuse and reduce waste.

## casestudy

### Could you volunteer your services for free?

Brisbane school friends Lucas Patchett and Nicholas Marchesi are founders of a charity called Orange Sky Laundry, a mobile laundry service for the homeless. The charity currently operates ten services across Australia, providing not only clean clothes, but also conversation.

Both Lucas and Nicholas were introduced to volunteer work at school where they participated in food van and outreach programs. Outside of school, the friends saw an opportunity to provide a valuable service to homeless people. Modifying an old van, they created their mobile laundry charity without any **business** or technical knowledge, or, ironically, knowledge of how to use a washing machine.

The washing machine and dryer, however, are not the most important pieces of equipment. Six orange chairs set up beside each van enable the most rewarding aspect of Lucas and Nicolas's charity. They have found that their biggest impact has been to give the homeless a chance to have a genuine conversation with someone in their community who cares.

Both Lucas and Nicholas still live at home and are full-time volunteers. The perfected mobile laundry vans cost \$110,000 to build and 500 volunteers ensure the service is offered in nine major cities. Orange Sky Laundry partners with other charitable organisations and is able to operate through sponsorship dollars and donations.

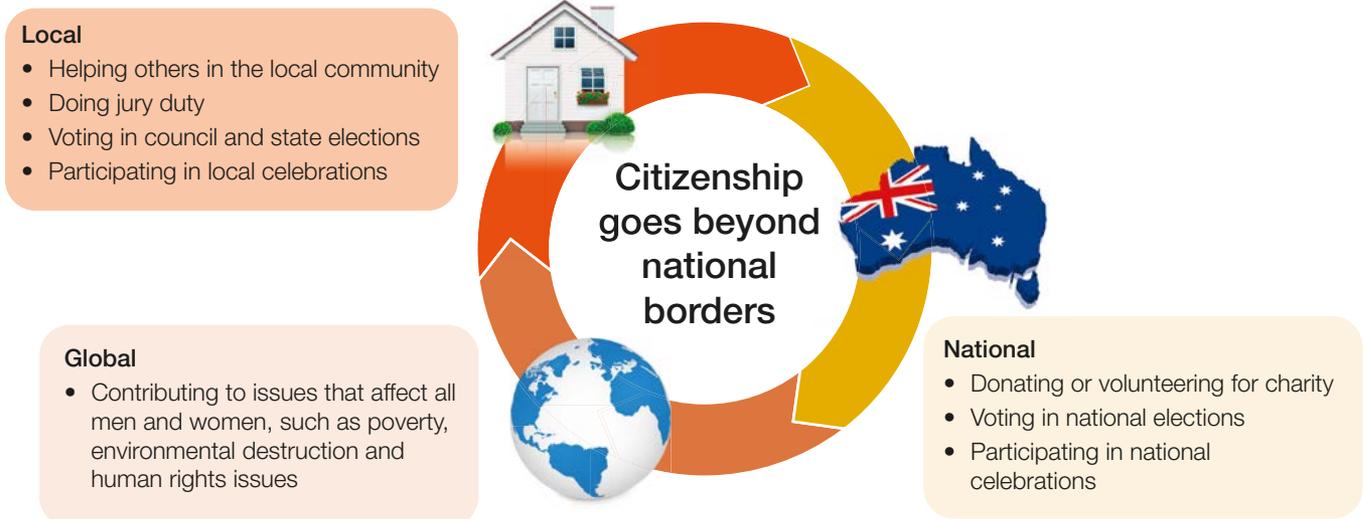


**Source 4** Old school friends Lucas Patchett and Nicholas Marchesi are full time volunteers and co-founders of the mobile laundry service, Orange Sky Laundry.

## 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 which all people can join because they are part of one human race. Environmental issues, such as global warming, human rights issues, such as child labour, and economic and social issues, such as poverty, are seen by some as world issues that require a response from people everywhere in the world.

There are many factors that have contributed to our sense of being part of a global community. More sophisticated technology means we have access to an incredible amount of information and communicate quickly via email, Facebook, Instagram, Twitter and YouTube. Many people also have the ability to speak and understand a second language. Approximately one out of every four of the world's population can speak English with some level of competence. This ability to communicate with people across the globe helps to create a global community. Other factors that have increased our contact with people from other countries include immigration, trade, travel and working overseas.



Source 5 Citizens participate in society in many different ways: locally, nationally and globally.

### Check your learning 11.1

#### Remember and understand

- 1 Name at least three legal responsibilities all Australian citizens have.
- 2 Give three reasons why individuals may volunteer.
- 3 List five ways a person can make a contribution to civic life.
- 4 Name two ways that you contribute to civic life.

#### Apply and analyse

- 5 Explain why the Orange Sky Laundry is an important contribution to the community.
- 6 What factors have led to an increasing sense of global connectedness?

#### Evaluate and create

- 7 Visit the GoVolunteer website and enter search criteria to find a volunteer organisation of particular interest to you. Describe how this organisation contributes to the Australian community.
- 8 Investigate a human rights campaign such as the 'End Poverty' campaign or the 'Live Below the Line' campaign. Describe some of the methods used to create change for the better.
- 9 Which of the following quotes do you most agree with and why?

'I am a citizen of the world' – Diogenes Laertius, Greek philosopher (AD 220).

'I am not a citizen of the world. I think the entire concept is intellectual nonsense and stunningly dangerous!' – Newt Gingrich, American politician (2009).

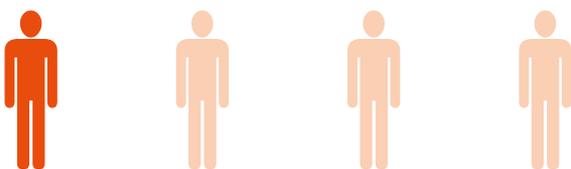
# 11.2 Australia's cultural diversity and identity

A pluralist society is one where difference is respected. This difference, sometimes referred to as diversity, means that not everything or everyone is the same. When you apply this concept to Australia it is clear we are a diverse mix of people from different cultures. Some people follow a particular religion, whereas others have no religious beliefs. Difference is also prevalent when you consider gender, age, disability, people's sexual preferences and age.

## Diversity in Australia

Let's consider Australia's cultural diversity in particular.

There are around 24 million people living in Australia today. The Aboriginal and Torres Strait Islander peoples are the original inhabitants of Australia and make up 2.5 per cent of the population. The rest of the population today is made up of migrants or their descendants.



Just over one in four Australians are born overseas.



One in five Australians has one parent that was born overseas.

**Source 1** According to the Australian Bureau of Statistics, 28.1 per cent of Australia's estimated resident population were born overseas.

- 1 Most Australians live in the outback.
- 2 When Australians have a BBQ they all 'chuck a shrimp on the barbie'.
- 3 Most Australians say 'crikey' all the time.
- 4 The kangaroo can be seen in many city areas in Australia.
- 5 Australians drink too much.
- 6 The meat pie is the national dish of Australia.
- 7 Australians wear Akubra hats (broad brimmed hat made of rabbit fur felt).
- 8 Australians are laid back, open and friendly to everyone.
- 9 Most Australians live near a beach.
- 10 Australians are uncouth and racist.

**Source 2** Some stereotypical perceptions of Australians

The first migrants to Australia came from Great Britain, establishing the first European settlement at Sydney Cove in 1788. Since then, migrants have come to Australia from approximately 200 countries. Australia is culturally diverse because we have people from so many different cultural backgrounds. Look around your classroom and you will most likely see a diverse range of students from various countries and ethnic backgrounds.

Many Australians celebrate our diverse mix of cultures, enjoying a wide range of food, art and culture that people from other countries bring to Australia. However, this diversity can also lead to racial discrimination.

## 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. 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.

## Mobility and global connectedness

International travel provides an insight into a country and its way of life. How Australia is perceived by others is developed through the experience of people travelling to our country and meeting our people. Australian tourists overseas and Australians living overseas also represent our country and therefore influence perceptions about Australian identity. Learning more about what Australia and Australians are like also comes from increased migration to our country. Migrants from other countries experience firsthand what it is like to live in our country and how they are treated by their fellow Australians.

Views or perceptions of Australia are also created from what others see on the television and social media. Sport also plays a role in providing an insight into the people of another nation. The Sydney Olympics in 2000 shone a spotlight on Australia. The opening ceremony alone attracted a television audience of three and a half billion people.



**Source 3** Sport has a unique power to unite people across divisions of race, culture, sexuality and religion. Here is Cathy Freeman holding the Australian and Aboriginal flags after she had won a gold medal in the 400 metre relay at the Sydney Olympics in 2000.

### Check your learning 11.2

#### Remember and understand

- 1 In what ways is Australia culturally diverse?
- 2 What percentage of Australians are Indigenous or Torres Strait Islander peoples?
- 3 List at least two ways cultural stereotypes are developed.

#### Apply and analyse

- 4 Calculate the percentage of your class that were born overseas and compare this to the statistics on Australians born overseas.
- 5 What food, art or music do you enjoy that is from a different culture?
- 6 Can you think of any problems that can arise in a culturally diverse society?

#### Evaluate and create

- 7 For each of the statements in Source 2, state whether they are true, true to some extent or false.

Write a sentence for each explaining why you think some people might have this perception of Australia and Australians.

- 8 Get into small groups. Choose at least four of the following countries and guess the answers the questions below without doing any research.

|        |        |        |
|--------|--------|--------|
| China  | Russia | USA    |
| India  | France | Spain  |
| Sweden | Rwanda | Brazil |

- Which religion do most people follow?
- What are some popular foods?
- How much does the average worker make per day?
- What is their national sport?
- How many percent of members of parliament are women?

When you are done, choose a country each to research and see how well your guesses match facts. Discuss your findings in class.

# 11.3 How does the media influence attitudes to diversity?

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As we learned in Unit 11.2, diversity includes everything from culture, religion and ethnicity to gender, age and sexuality. Australia is a very diverse and multicultural nation, with approximately one in four Australians being born overseas, along with having the world's oldest continuous Indigenous cultures. However, this is not always represented in the media. Over recent years, there has been much discussion about the way our media portrays diversity in Australia, with some groups, the elderly and the LGBT (Lesbian, Gay, Bi-sexual and Transgender) community, for example, reporting that they feel invisible.

## Traditional media

Traditional or mainstream media, which includes newspapers and television broadcasts, plays a big role in producing and spreading ideas about who we are as a nation and influencing what we think about social and political issues. Mainstream media has a great responsibility to represent people fairly and not spread false or biased ideas about certain groups and issues in society. However, many daily newspapers and commercial radio and television stations sometimes present information in a biased manner in order to gain attention and audiences; for example, by using sensationalist headlines or making unfair statements.

One such example was when *Herald Sun* columnist Andrew Bolt, in 2011, was found guilty of breaching the *Racial Discrimination Act 1975*. Bolt's column suggested that fair-skinned Aboriginal people were identifying as Indigenous for personal gain, such as to gain access to government grants or certain jobs. Bolt argued that his column was within the parameters of free speech, but the court ruled that he had breached the Act because the articles were not written in good faith and contained factual errors.

The ethnicity and gender of newsreaders, reporters and hosts of TV and radio-shows also represent diversity. Unfortunately, reports regularly show that Australian media has an un-representatively large number of white males in front of the cameras and microphones. The exception is Special Broadcasting

Service (SBS), a TV-network that has specialised in providing radio and television in a range of languages and with hosts of various ethnic backgrounds.

## Social media

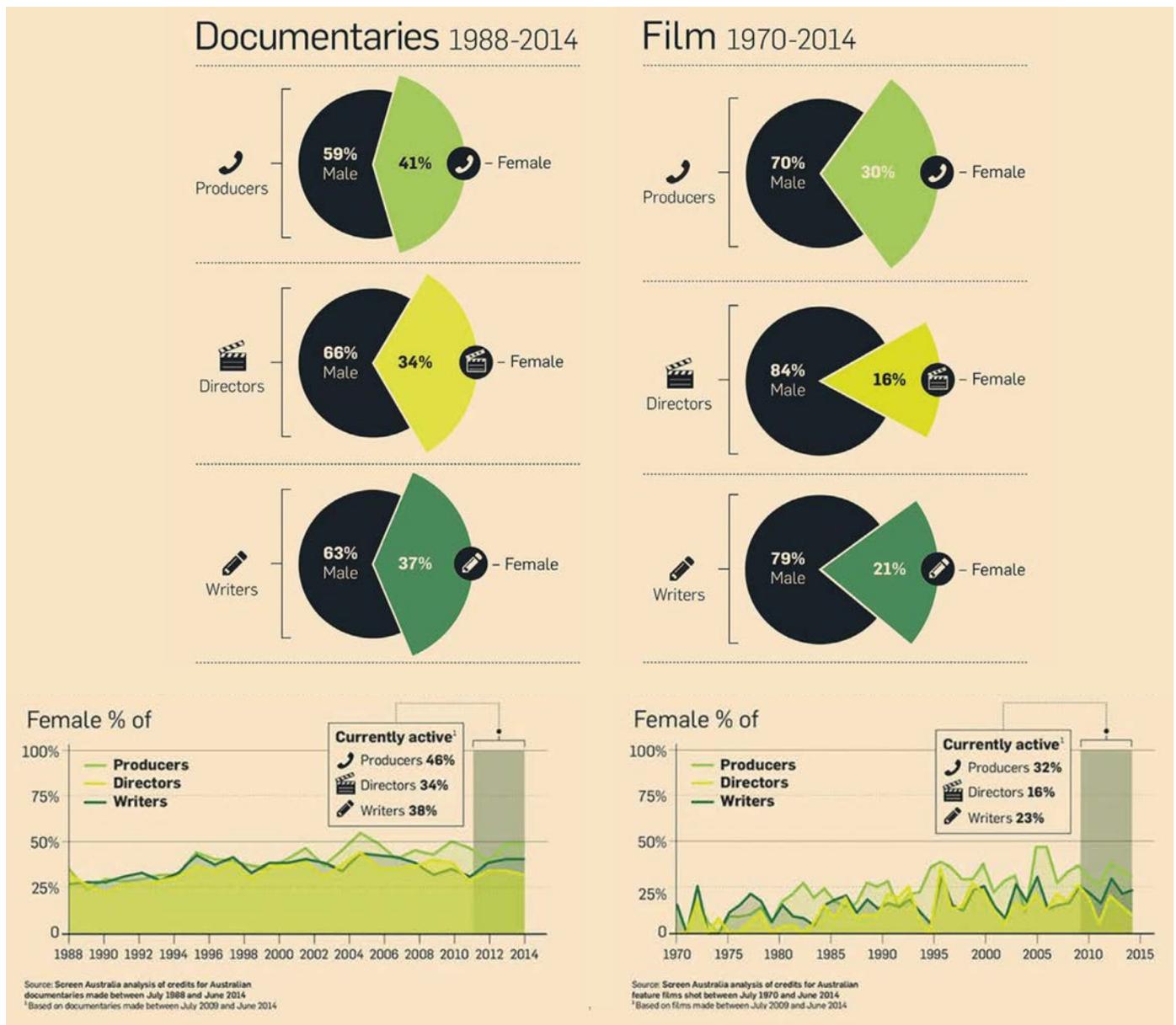
According to the Australian Bureau of Statistics, more than 15 million Australians have a Facebook account. This suggests that social media is a lot more diverse than traditional platforms and that people who feel excluded from mainstream media can find their voice through channels such as YouTube, Instagram, Twitter and blogs.

People who are overweight or obese are one example of a group that is not often shown in mainstream media despite 63 per cent of Australians falling in this category. The lack of mainstream media representation has likely contributed to the growth of the online based so-called fat-acceptance movement. The movement offers people, especially women, a space to identify themselves with others. As such, social media can tell stories that contradict the image of female bodies that is often shown in mainstream media.

## Film and TV

One of the most talked about television moments in 2016 occurred when TV-presenter and comedian, Waleed Aly, won the Gold Logie for his work on channel 10's *The Project*. Aly, who was born in Egypt, was the first non-white Australian to win a Gold Logie in 56 years and his win was widely celebrated as a win for media diversity in Australia.

Historically, Australian Film and TV have had a poor record when it comes to representing Indigenous Australians and non-white immigrants in leading roles. A study conducted by Screen Australia showed that only 18 per cent of main characters in Australian shows were from non-Anglo backgrounds, compared with 32 per cent of the general population. The same study showed that while 11 per cent of the population identify as LGBT, only 5 per cent of characters are non-straight.



**Source 3** 'Women working in key creative roles' infographic from Screen Australia. Statistics show that most Australian documentaries and films are created by men.

Films and TV-series, alongside literature, art and music, help shape Australia's identity and tell stories about who we are and where we come from. When these films or series are successful overseas, they also help shape the way people around the world think of Australian and our culture.

Some films can teach us about real historic events; for example, *Rabbit Proof Fence* is a story set in the 1930s about two young Aboriginal girls forcibly taken from their families by the government and their escape from the settlement they were placed in. While the film is only loosely based on an individual's personal story, the historical event that forms the setting of the film

was a very real part of history known as the Stolen Generation.

Other films are built on stereotypes about Australia and Australian people. One of our biggest international film successes, *Crocodile Dundee*, is one such film. Here the writers and directors took already existing ideas of Australian people – that we live in the outback, that we wear Akubra hats and that we are laid back – and exaggerate them for the purpose of comedy. Next time you meet someone from another country, ask them what they know about Australia and its people, and you may experience the effect of these stereotypes.



**Source 1** Hunter Djali Yumunu Page-Lochard, star of the ABC television series *Cleverman*, which has been praised for its large Indigenous cast.

### case study

#### Do we always respect difference?

The Cronulla race riots occurred on 11 December 2005 with 5000 people gathering on Cronulla Beach in Sydney to protest against some violent incidents that had recently taken place. Prior to the riots, there had been an incident between a group of men of Middle Eastern appearance and three lifesavers on North Cronulla beach.

It was reported in the media that the lifesavers were attacked without provocation and mobile phones were used to call for additional men before the lifesavers were bashed and kicked unconscious. In reality, no mobile phones were used and additional men were not called to join in the fight. The fight was over in a short space of time and had involved indecent remarks by both parties. Analysis of the media coverage of the riots prepared by Associate Professor Catharine Lumby found that radio talkback hosts had fuelled the perception that Anglo-Australians were under attack from Middle Eastern men.

### Check your learning 11.3

#### Remember and understand

- 1 List groups that are currently underrepresented in traditional Australian media.
- 2 What was significant about the 2016 Logie Awards?

#### Apply and analyse

- 3 Why was the media handling of the Cronulla riots criticised?
- 4 What are the consequences if the media does not report accurately and fairly?
- 5 In what way can social media work as a counterweight to traditional media?
- 6 Evaluate Source 3. What are some possible effects of these statistics for Australian film?

#### Evaluate and create

- 7 Watch an episode of an Australian soap opera such as *Neighbours* or *Home and Away*.
  - a Where is the soap opera set? Is it typical of an Australian suburb or town? Give reasons for your answer.
  - b How are Australian women and men portrayed in the soap opera? Is this portrayal reflective of real Australian men and women you know?
  - c Is cultural diversity reflected in the actors chosen for the soap opera?
  - d Do you think that not reflecting diversity in our television programs and advertisements is a form of discrimination? Justify your response.

## 11A rich task

# The power of social media campaigns

In recent years, social media platforms like Facebook, Instagram and Twitter have become important tools for social change. Functions like hashtags and re-tweeting have made it easy for likeminded people to come together to shed light on issues that they are passionate about. With enough support, a considered strategy and strong content, a successful social media campaign can reach millions of people around the world in seconds.

Media has always played an important role in spreading awareness and pushing for social and legal change. Social media has made it easier, faster and cheaper than ever to run campaigns that can help raise awareness, find likeminded people to support the cause and put pressure on politicians and other decision makers.

The 'Change the Date' campaign is an example of a campaign that despite beginning before the existence of social media, has grown and attracted support with the help of hashtags, sharing, re-tweeting and other social media tools.

The campaign is working to gather support for changing the official date of Australia Day. Supporters of the campaign argue that the current date, January 26, is disrespectful and hurtful to Aboriginal Australians because it celebrates the day English colonists first arrived in Australia. This is why many Aboriginal Australians refer to Australia Day as Invasion Day or Survival Day.

In 2016, many young people targeted radio station Triple J's iconic Hottest 100 countdown, which traditionally airs on January 26, using the hashtag #ChangeTheDate, to pressure the radio station into taking a stand by holding the countdown on a different date.



**Source 1** In 2016, #ChangeTheDate was used in social media campaigns to target Triple J's Hottest 100 countdown. As a result, Triple J has agreed to speak to Indigenous communities with a view to review the date of future broadcasts.

**skilldrill:** Reasoning and interpretation

## 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'? This is applicable to the development of any campaign for change, including those via social media platforms. Taking the time to plan before beginning a project ensures that you are aware of problems that could arise and have already considered ways to fix them. Follow the eight-step plan below, which outlines how to set up a successful social media campaign. It can be helpful to visualise the steps in a flow chart, a Gantt chart (a bar displaying a project's schedule) or a spreadsheet.

- Step 1** Identify your issue. Establish what you would like your campaign to focus on. Maybe you want to bring awareness to a global issue that you are passionate about (e.g. a threatened animal species), or perhaps you want to raise money to help someone in your community (e.g. help victims of a bushfire).
- Step 2** Research other social media campaigns. This will allow you to get an idea of what campaigns are working and how you can set up your campaign to do even better. Remember to look beyond campaigns in your area of interest.
- Step 3** Decide how you will measure success. The way you measure success will differ, depending on what type of campaign you are running. If your campaign aims to raise awareness, your goal might be get a certain number of shares, likes or re-tweets. If your campaign aims to raise money, you should set a specific sum as your target.
- Step 4** Identify your target audience. Determine who your campaign is aimed at so you can design ways to attract the attention you want. For example, will your campaign be global or local? Do you want to reach people of a certain age group? Knowing your audience will help you choose the best social media to attract attention to your cause.
- Step 5** Make a timeline. When do you want to reach your goal? Pick a date when you want to launch the campaign across the social media platforms you have chosen to use. It can help to set up smaller milestones

along the way because it is easier to focus on one small task at a time and hitting small wins along the way will keep you motivated to continue.

- Step 6** Establish tasks. Make a list of things you need to do in order to launch your campaign. What accounts do you need to set up? Will you pre-write posts to share later? What hashtags will you be using? Will you need to take photos?
- Step 7** Prioritise and allocate tasks. Write down the list of your tasks in order of priority to identify the most important one. If you are working in a group, split up the tasks between yourselves.
- Step 8** Monitor task completion. Use your Gantt chart or flowchart to regularly check in that you are on track to complete the tasks in Step 6 well in time for the launch date.

### Apply the skill

- 1 Select a civics and citizenship issue that you are interested in and think of a related issue that you would like to bring attention to through a social media campaign. For example, you might be passionate about politics and want the voting age to be lowered to 16 years. Or perhaps you are worried about the amount of rubbish around your local beach or park and want to run a campaign to get people in your community to join a clean-up day.
- 2 Use the eight steps above to develop a social media campaign around a topic of your choice and talk with your teacher and peers about how you can put the plan into action.

### Extend your understanding

- 3 Undertake research about a person who has pushed for social, political, legal or environmental change in Australia. You can choose from the following list or an entirely different person.
 

|                   |                         |
|-------------------|-------------------------|
| – Faith Bandler   | – Ian Kiernan           |
| – Peter Lalor     | – Fred and Gabi Hollows |
| – Bob Brown       | – Edith Cowan           |
| – Peter Singer    | – Eddie Mabo            |
| – Julian Burnside | – Vincent Lingjari      |
| – Vida Goldstein  | – Caroline Chisholm     |

## YEAR 10 Unit 1

### Government and democracy

# 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.



## 12A

What are the key features of Australia's democracy?

- 1 List five laws that help all Australians live together in a peaceful manner.
- 2 State three basic rights or freedoms that you think all Australians should have. What laws exist to protect these basic rights?
- 3 What processes or safeguards exist in Australia to ensure our laws reflect the views and values of most Australians?

## 12B

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

- 1 Decide which of the following countries currently has the greatest influence on the 'Australian way of life': China, the UK or the United States of America. Give reasons for your answer.
- 2 In what ways do you think the UK might have influenced Australia's system of government?
- 3 Describe three recent global events that have influenced the government of Australia.



chapter

# 12

**Source 1** A key feature of a united society is a strong sense of belonging and pride in your nation.

# 12.1 Key features of Australia's system of government

Australia is a unique country made up of more than 24 million people. Australia's population includes Indigenous Australians, whose culture is the oldest in the world, dating back more than 50 000 years. It also includes people who have migrated from countries all around the world. Indeed, with over 6 million Australians – one quarter of our total population – being born overseas, Australia is truly a multicultural society. Despite the fact that many of us may eat different foods, celebrate different festivals, play different sports and embrace different religions and values, most of the time we all manage to live together in a cohesive and unified society.

## 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, we have a system of courts to enforce the law and resolve disputes in a fair and unbiased way (see Chapter 9). We also have a system of government to make laws that reflect the prevailing views and moral standards held by most Australians. Our governments also aim to ensure that all Australians are provided with access to basic services, including health care, education, roads, public transport and utilities such as water, electricity and communication systems.

It is also considered the role of government to support all Australians in maintaining a reasonable standard of living. 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 – the elderly, people with disabilities, carers, refugees – are provided with income support and access to basic services.

## Australia's system of government

In Australia, we have a system of government where our laws are made by parliaments. A **parliament** is a group or assembly of representatives who have been elected by the people to make laws on their behalf. Once a parliament has been elected it must perform a variety of tasks including:



**Source 1** People protesting to urge the Australian government not to reduce its spending on basic services.

- making new 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 voters
- examining problems that exist within society
- reviewing perceived injustices in the law.

## A federal system of government

Australia's system of government is based on a **federal 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 six state parliaments and one Commonwealth Parliament (often referred to as the federal parliament) which is located in our nation's capital, Canberra.

In addition to the state and Commonwealth parliaments, we also have three territories that have been given the power by the Commonwealth Parliament to have their own elected parliament to make laws that apply within each territory. These are the mainland territories of the Australian Capital Territory and the Northern Territory, and offshore Norfolk Island.

## 12A What are the key features of Australia's democracy?

Each state of Australia and the Northern 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.



**Source 2** Australia's three levels of government have different law-making powers, covering areas such as defence, education, and drainage and waste collection.

### Source 3 Australia's three levels of government

| The three levels of government in Australia | Examples of areas of law-making power   |
|---|---|
| Commonwealth (Federal)                      | <ul style="list-style-type: none"> <li>• currency</li> <li>• defence</li> <li>• marriage</li> <li>• customs and border protection</li> <li>• Australian citizenship</li> </ul>  |
| State                                       | <ul style="list-style-type: none"> <li>• primary and secondary education</li> <li>• health services</li> <li>• water</li> <li>• electricity</li> <li>• public transport</li> </ul>  |
| Local                                       | <ul style="list-style-type: none"> <li>• local infrastructure (e.g. provision of roads, footpaths, drainage and waste collection)</li> <li>• recreational facilities (e.g. parks, libraries and swimming pools)</li> <li>• aged care facilities</li> <li>• child care facilities</li> </ul> |

## Check your learning 12.1

### Remember and understand

- 1 Outline three roles of government in Australia.
- 2 Explain why Australia's system of government is referred to as a federal system.

### Apply and analyse

- 3 Use the Internet to investigate the role of your state or territory government and complete the following tasks.
  - a List ten different services that your state or territory government provides to the community.
  - b List five departments or agencies that are operated by your state or territory government and briefly explain why these agencies exist.
  - c State the name of the premier or leader of your state or territory's government, and identify the political party to which he or she belongs.
  - d Outline three laws that have been introduced or changed by your state or territory government within the last two years. Suggest why these laws were introduced or changed. Discuss whether or not you support the introduction or change of these laws.

- e Imagine you could introduce two new laws in your state or territory. What would they be? Justify and compare your choice with your classmates.

- 4 Use the Internet to investigate the role of your local or municipal council and complete the following tasks.
  - a State the name of your local municipality or council.
  - b Download or prepare a map showing your municipal council's boundaries.
  - c List ten different types of services provided by your council. Indicate which of these services you or your family has used within the last 12 months.
  - d Imagine you had the power to choose three more services to be provided by your local council. What would you select? Justify your choice.

### Evaluate and create

- 5 Create a PowerPoint presentation or poster that illustrates the role and responsibilities of one of the three levels of government in Australia. You can use online tools for poster creation.

# 12.2 Principles of Australia's system of government

A national 'system of government' broadly refers to the way in which a nation or country is managed or controlled. In Australia, our system of government is based on a variety of principles that aim to manage our nation in a fair and just manner.

## Principles of government

We have already learned that Australia's system of government is based on the federal system, where we have one central Commonwealth Parliament, six state parliaments and two mainland territory parliaments. But there are other important principles or beliefs upon which our system of government is based. These include the underlying principles that:

- 1 governments must protect the rights and freedoms of individuals
- 2 governments must make laws that reflect the views and values of the people
- 3 governments must be accountable to the people
- 4 governments must not abuse their power.

### 1 Governments must protect the rights and freedoms of the individual

Our system of government is also often referred to as a **liberal democracy**. This means it is a system that aims to protect individual rights and freedoms, 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 and expression
- limit individuals from behaving in an offensive or indecent manner in public.



Source 1 The law protects our right to assembly and expression.

## 2 Governments must make laws that reflect the views and values of the people

One key principle of the system of government in Australia is that the parliaments must make laws that reflect the views, values and moral standards of the people. This is referred to as **representative government**. Australia achieves this 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 and values of the majority of voters, they jeopardise their chance of being re-elected. In Australia, federal parliament elections are held every three years while elections are held for state parliaments every four years.

In Australia, voting in federal and state 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 up to \$180. Interestingly, Australia is one of only a few nations throughout the world that has compulsory voting in elections.

Source 2 Arguments for and against compulsory voting

| For compulsory voting   | Against compulsory voting  |
|---|--|
| <ul style="list-style-type: none"> <li>helps ensure our parliaments have the support of the majority of people, not just those who voted</li> </ul>           | <ul style="list-style-type: none"> <li>forces those who are uninterested to cast an ill-informed vote</li> </ul> |
| <ul style="list-style-type: none"> <li>may force <b>candidates</b> and political parties to consider the needs of all society when making policies</li> </ul> | <ul style="list-style-type: none"> <li>is a violation of individual rights</li> </ul>                            |

## 3 Governments must be accountable to the people

Another principle that underpins the Australian system of government is that the government must be accountable or answerable to the people (often referred to 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.

In Australia, one way that governments are held to account is through the process of parliamentary question time, 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 debate and argue about political issues. Members of the public can also directly contact and question their local member of parliament by emailing or visiting their local member's office.

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 3 Australians vote for their members of parliament in free and fair elections.

## case study

### Are our politicians responsible?

In 2014, the leader of the NSW State government, Premier Barry O'Farrell, resigned after he gave false evidence to an anti-corruption hearing that was examining corruption within the government. The Premier offered his resignation after failing to remember and declare to the hearing that he had received an expensive bottle of wine as a gift. The gift was from a business executive whose company was involved in dealings with the state government and the provision of the state's water infrastructure. All gifts received by members of the government must be declared to avoid allegations of bribery. Upon his resignation, Mr O'Farrell claimed that while he did not deliberately intend to mislead the hearing, as 'a person who believes in accountability' he accepted responsibility for his actions.

Similarly, in 2015 Bronwyn Bishop was forced to step down from her senior position within the federal



**Source 4** In 2014 NSW Premier Barry O'Farrell resigned to uphold the principle of responsible government.

parliament after she was criticised for misusing her government travel entitlements by spending \$5000 to pay for a helicopter to take her from Melbourne to Geelong to attend a Liberal Party fundraising event.

## 4 Governments must not abuse their power

Another key principle that underpins Australia's system of government is that our governments must not abuse or make laws beyond their power. In order to make sure this does not occur, our system of government is based on a principle called the **separation of powers**. This principle ensures that no single group or body within our parliamentary system – that is, the government, the parliament or the courts – has power over both the political and legal systems.

The three main powers at federal level consist of:

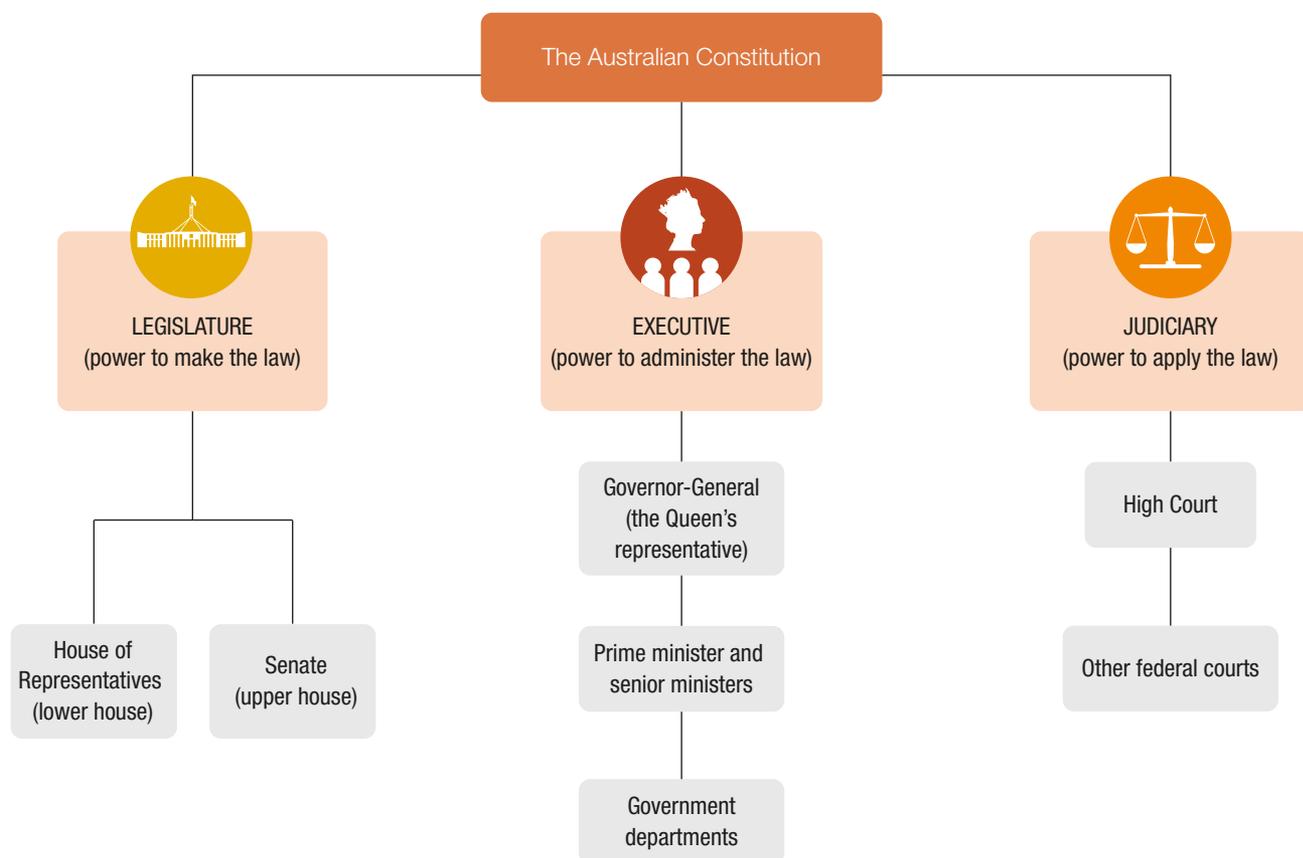
- *executive power* – the power to administer or implement the law, held by the Governor-General (as the Queen's representative), and the prime minister and senior ministers
- *legislative power* – the power to make the law, held by parliament
- *judicial power* – the power to apply and interpret the law, held by the courts; this allows them to enforce the law and settle disputes.

In the Constitution, the three powers are separated. In practice, the duties of the executive (senior ministers)

and the legislature (parliament as a whole) are combined. The **judiciary**, or court system, remains independent. For example, the government and the parliament have the power to make and administer the laws, but they don't 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, and are therefore impartial when they are applying the law.

Keeping the judiciary independent means the courts can act as a checking system, and makes sure that the parliament does not make any laws beyond its power. If a person or organisation believes that parliament has made a law that abuses its powers, they can challenge the law in court. If their challenge is successful, the law can be declared invalid by an independent and unbiased judge.

The principle of the separation of powers is an important feature of our parliamentary system. No single body can make, administer and apply the law, so this principle acts as a check to make sure that governments cannot abuse their power.



Source 5 The principle of the separation of powers at federal level, as set out in the constitution

## Check your learning 12.2

### Remember and understand

- 1 The Australian system of government is based on the principle of 'liberal democracy'. Explain what is meant by this term.
- 2 Explain two other principles upon which the Australian system of government is based.
- 3 How does Australia achieve representative government?

### Apply and analyse

- 4 With reference to the separation of powers, explain why judges are not able to be elected as members of parliament and serve in the government.
- 5 Suggest and explain one way, other than the risk of not being re-elected, that governments in Australia are held accountable for their actions.

- 6 The term 'nanny state' is used to describe a nation, state or territory where the government makes too many laws that restrict individual freedoms. Research the term 'nanny state' and suggest three federal or state laws that you believe unnecessarily restrict the rights or freedoms of individuals. Give reasons for your views.

### Evaluate and create

- 7 Imagine you have been commissioned by the federal government to investigate compulsory voting. Undertake some research on the pros and cons of compulsory voting and prepare a 300-word submission that supports or opposes the abolition of compulsory voting in Australia.
- 8 Design a mind map using 'Australia's system of government' as the central theme or heading.

# 12.3 Australia's Commonwealth Parliament

The first inhabitants of Australia, the Aboriginal and Torres Strait Islander peoples, had their own system of law and well established rights, responsibilities and codes of behaviour. Despite this, the British established Australia's current system of government after they began settling in Australia from 1788 onwards.

## The history of Australia's system of government

Upon arrival in Australia, the British swiftly imposed their own laws and legal system and began developing a system of government whereby each of the colonies, now called states, was able to establish its own parliament. Together with the British parliament, these colonial parliaments had the power to make laws for their own colony.



**Source 1** Our parliamentary system is based on the Westminster parliamentary system.

The colonial parliaments each followed the British parliamentary model called the **Westminster parliamentary system**. Under this system of government each parliament consisted of:

- the upper house
- the lower house
- the reigning English monarch or 'crown'.

The Westminster system of parliament still exists in Australia today, with all state parliaments (except Queensland) and the Commonwealth Parliament consisting of two houses and the Crown or Queen of

England. Queensland's state parliament only consists of the lower house and the Crown.

As Australia grew throughout the 1800s it became 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. Problems were beginning to arise between the colonies as each made different laws in a range of common areas. These included:

- constraints on inter-colony trade, due to the colonies having:
  - different railway systems
  - different postage stamps
  - different taxes, or tariffs
- defence concerns:
  - each colony had its own independent 'militia', or 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.



**Source 2** This souvenir booklet was published to celebrate Federation Day on 1 January 1901 when each of the separate colonies united to form one Australian nation. This process was known as Federation.

By the 1880s each of the six 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. For example, it was considered best that a central parliament be given the power to make laws on national matters that affected the whole country.

The central parliament was to be given the power to make laws relating to:

- defence
- overseas matters
- currency
- immigration and trade.
- postal services

The colonial parliaments would keep the power to make laws relating to:

- hospitals
- public transport
- roads
- water
- education
- law enforcement.

In the 1890s each of the colonies sent a group of representatives to special meetings (called Conventions) where it was decided that a new central Commonwealth Parliament would be created. On 1 January 1901, known as **Federation Day**, the British Parliament passed a law called the *Commonwealth of Australia Constitution Act 1900 (UK)* (referred to as the Constitution) to unite the separate colonies (which became states) to form one nation with a federal system of government and create the new federal or Commonwealth Parliament of Australia.

Source 3 The structure of the Commonwealth Parliament

| Lower House  | Upper House   | Crown   |
|--|---|---|
| <b>House of Representatives</b>                              | <b>Senate</b>   | <b>Governor-General</b>                                   |
| 150 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 |

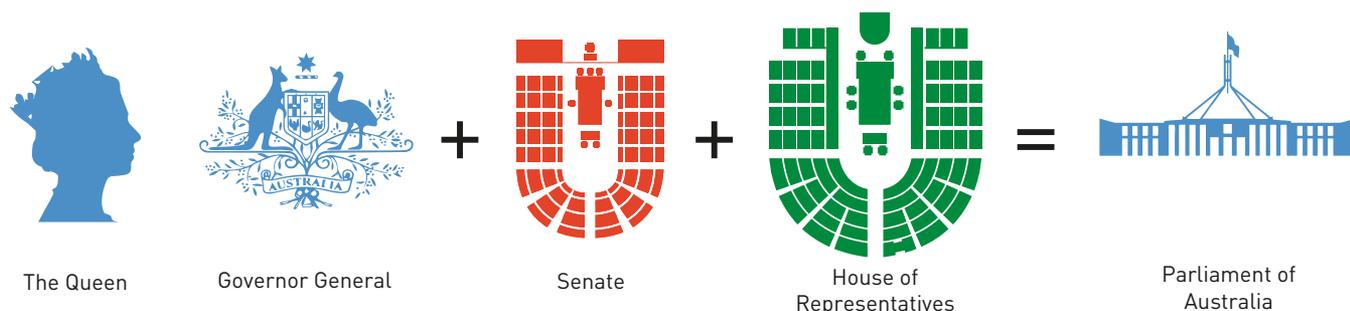
## The structure of the Commonwealth Parliament

In addition to creating the Commonwealth Parliament and establishing a new federal system of government, the Commonwealth Constitution outlined the structure and law-making powers of the Commonwealth Parliament. In keeping with the Westminster parliamentary system, the Constitution states that:

- the Commonwealth Parliament must consist of two houses and the Crown – that is, the Queen, who is 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.

### House of Representatives

The lower house in the Commonwealth Parliament, the House of Representatives, consists of 150 members. Each of these members is elected by eligible voters who live in one of 150 designated areas – called **electorates** – throughout Australia. The electorates 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. In this way, the House consists 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.



Source 4 The key elements of the Commonwealth Parliament of Australia

## The main role of the House of Representatives

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 that has a majority of members in the lower house (that is, the party who wins at least 76 of the 150 electorates in the House). For example, at the federal election in 2013, members of the Liberal–National Party Coalition won 90 of the 150 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 or changing existing laws commence in the lower house.



Source 5 Question Time in the House of Representatives

## The Senate

The upper house in the Commonwealth Parliament, the Senate, consists of 76 members, with 12 members being elected from each of the six states and two elected from each of the mainland territories. In this way, the Senate can, in theory, equally represent the views, values

and interests of each state of Australia. This differs from the composition of the House of Representatives, which consists of members elected from 150 different electorates throughout Australia, which are determined in proportion to population size. The Senate, however, consists of equal 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.



Source 6 The Senate

## The main role of the Senate

The main roles of the Senate are to:

- represent the interests of the states. Given the Senate consists of an equal number of senators from each state, in theory it can equally represent the interests of each state, regardless of that state's population size. It can also help prevent the Commonwealth Parliament from passing any 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, most proposals for creating new Commonwealth laws, or changing existing Commonwealth laws, can be initiated and discussed in the Senate. However, because most laws commence in the lower house, the Senate tends to act more as a 'house of review', debating and scrutinising proposals that have already been passed by the House of Representatives.

### casestudy

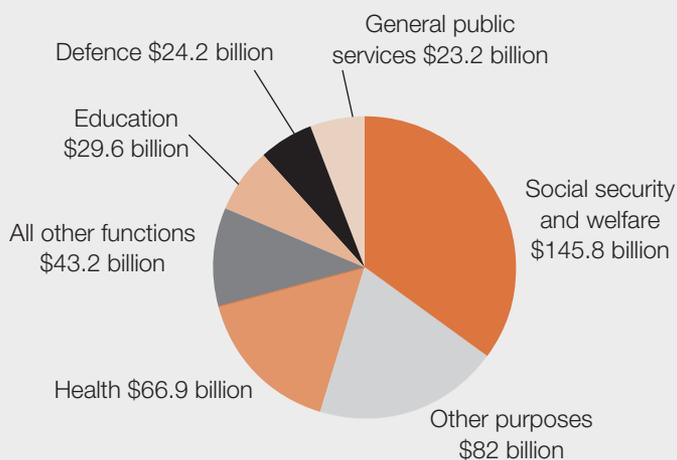
## How does the federal government spend its money?

One of the main responsibilities of the federal government in Australia is to manage the nation's finances and provide services to the community. Each year, the federal government must prepare a **national budget** that outlines how much money the government expects to receive and how they plan to spend it. In 2015–16, the federal government had to determine how it would spend the estimated \$405 billion that it expected to receive – mainly from the imposition of taxes, including income tax and the goods and services tax (GST).

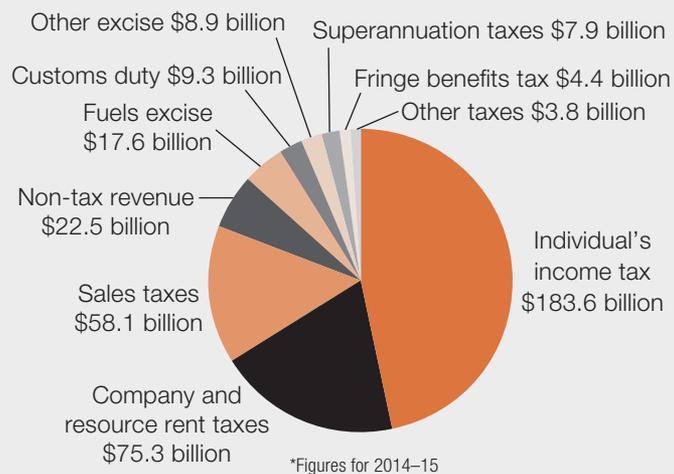
The government budgeted to spend approximately:

- 35 per cent on the provision of 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
- 16 per cent on health care
- 7 per cent on education
- 6 per cent on national defence.

Allocating the government revenue is a difficult task and always creates controversy. This is because some individuals and groups benefit by receiving assistance, while others feel their needs are overlooked.



**Source 7** From where does the federal government gain its money?



**Source 8** Where does the federal government spend its money?

## The Crown

In addition to the two houses, the third component of our Commonwealth Parliament is the Crown, or Queen, who is represented in Australia by the Governor-General. The Governor-General is selected by the federal government or prime minister of the day, and is always a prominent and well-respected Australian. The current Governor-General, who took up his five-year position in March 2014, is Sir Peter Cosgrove. He is a retired senior officer in the Australian Army, former Vietnam veteran, and Commander-in-Chief of the Australian Defence Force.

### The main role of the Governor-General

The main role of the Governor-General is to:

- grant royal assent or give final approval, on behalf of the Queen, for a Bill (or proposed law) to become an Act of Parliament or 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 system, recognising individuals who have made outstanding contributions to our society and offering 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 new 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 (see Source 10).

## The structure of state and territory parliaments

Each state parliament throughout 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 – only consist of 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.

The table in Source 11 outlines the structure and names of each house in the Australian state and territory parliaments.



**Source 9** The Queen is represented in Australia by the Governor-General.



**Source 10** In 1975, the Governor-General, Sir John Kerr (left), dissolved both houses of the Commonwealth Parliament, effectively dismissing the Labor Prime Minister Gough Whitlam and his government, and called a new election.

Source 11 The Australian state and territory parliaments

| State                        | Lower House          | No. of elected members | Upper House         | No. of elected members | Crown            |
|------------------------------|----------------------|------------------------|---------------------|------------------------|------------------|
| Australian Capital Territory | Legislative Assembly | 25                     | None                |                        | None             |
| New South Wales              | Legislative Assembly | 93                     | Legislative Council | 42                     | Governor-General |
| Northern Territory           | Legislative Assembly | 25                     | None                |                        | None             |
| Queensland                   | Legislative Assembly | 89                     | None                |                        | Governor-General |
| South Australia              | House of Assembly    | 47                     | Legislative Council | 22                     | Governor-General |
| Tasmania                     | House of Assembly    | 25                     | Legislative Council | 15                     | Governor-General |
| Victoria                     | Legislative Assembly | 88                     | Legislative Council | 40                     | Governor-General |
| Western Australia            | Legislative Assembly | 59                     | Legislative Council | 36                     | Governor-General |

## Check your learning 12.3

### Remember and understand

- 1 Explain what is meant by the Westminster parliamentary system.
- 2 Explain the main reason that the Commonwealth Parliament was established in 1901.
- 3 In the 1880s, it was decided that some areas of law-making powers were best allocated to a central parliament. Name three of these areas.

### Apply and analyse

- 4 Go to the Australian Electoral Commission website and, using the 'Electoral Districts' menu, find your federal electorate. Then, complete the following activities.
  - a State the name of your electorate.
  - b List the main suburbs within your electorate and state how many people live in your electorate.
  - c State the name of your electorate's sitting member, the political party (if any) to which they belong, and the percentage of first-preference votes they won at the last election.
  - d Provide a brief summary of the types of laws and reforms your member (and their political party) supports and discuss whether these views and values broadly reflect yours.
- 5 Use the Internet to research the results of the last federal election.

- a Prepare a table showing how many electorates were won by each of the political parties or independents in the House of Representatives and the Senate.
- b Which party formed the government and why?
- c Analyse the composition of the Senate and suggest how it may affect the government's ability to make law.

### Evaluate and create

- 6 Prepare a PowerPoint presentation, poster or flyer that outlines the composition and role of the two houses of Commonwealth Parliament.
- 7 Create a word search puzzle or crossword using at least 12 key terms that relate to the Australian parliamentary system. You may wish to use one of the many free puzzle-making programs and apps available on the Internet.
- 8 In 1999, a proposal was put to the Australian people to remove the Crown from the Commonwealth Parliament, so Australia could become a republic. While the proposal failed, support for the republican movement has grown over recent years.
  - a Access the clip on the republic debate using the link in your eBook.
  - b Investigate the strengths and weaknesses associated with Australia becoming a republic. Prepare a 500-word report that evaluates whether 'Australia should become a republic'.

# 12.4 Comparing systems of government in Australia and Indonesia

The Republic of Indonesia is made up of more than 17 500 islands including the largest and most well-known islands of Java, where the capital city Jakarta is located, Sumatra, Kalimantan, Sulawesi and Papua – the western part of New Guinea. More than 253 million people live in Indonesia, making it the fourth-most populated nation in the world, following China, India and the United States of America. Indonesia is also one of the most ethnically diverse nations in the world, consisting of approximately 300 different ethnic groups who speak more than 740 different languages and dialects. A range of different religions are also practised in Indonesia, with approximately 85 per cent of the population being Muslim, 6 per cent Roman Catholic, 3 per cent Protestant and the remainder mainly practicing the Hindu, Buddhist and Confucian religions.



Source 1 A range of different religions are practised in Indonesia.

## INDONESIA



Source 2

Source: Shutterstock



Source 3 The Indonesian flag

## Key features of Indonesia's system of government

Indonesia's system of government is referred to as a **republic**, meaning the people vote to determine government (or Head of State) rather than having a hereditary monarch or the Crown.

### A representative democratic republic

Indonesia became a republic in 1945 after the Indonesians claimed their independence from the Dutch and Japanese. In more 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 the Japanese 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.

In 1966 General Haji Muhammad Suharto, the head of the military, was installed as the nation's president. He led the country for the next 30 years. During his authoritarian rule, President Suharto was often criticised for restricting individual freedoms, including the right to protest and freedom of speech. Suharto was also criticised for breaching human rights, including ordering the 1991 massacre of hundreds of



Source 4 A woman votes in Bali during an Indonesian election.

East Timorese, who resisted Indonesia's occupation of their nation in 1975. In 1998, after months of anti-government riots and economic and political unrest President Suharto resigned and 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, or 70 per cent of the 150 million registered voters, participated in a relatively free, fair and non-compulsory election. Dr Yudhoyono was re-elected in 2009 but was unable to stand again in the 2014 elections. This was because, under changes to the Indonesian Constitution, a president can now only serve a maximum of two five-year terms. In 2014 Mr Joko Widodo was elected as the Indonesian president.

### Three levels of government

Indonesia has three levels of government: the national, provincial and district (or city) levels. Each of the parliaments 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.

Having the national and provincial elections on the same day makes the electoral process challenging. Enrolment must be finalised and ballot papers must be printed and distributed throughout each of the provinces, including many in remote and isolated places. In 2014, approximately 19 700 seats were contested in the national, provincial and district parliaments, with approximately 6600 candidates standing in the national election and 16 000 at provincial and district level.

## 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 560 seats, or members
- the upper house, the **Regional Representatives Council**, which consists of 132 seats.

Interestingly, however, while the Indonesian parliament, the People's Consultative Assembly, consists of two houses, it differs from two-house or **bicameral system** in that a bill or proposed law 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 Representatives Council (or lower house).

The political party that wins at least 281 of the 560 seats in People's Representatives Council also earns right to govern. In 2014, approximately 15 different political parties and 6600 candidates contested the national election.



**Source 5** A political party must win at least 281 seats in the lower house to secure the right to govern in Indonesia.

Each of Indonesia's 34 provinces, except one, has its own parliament, called the **Provincial Legislative Assembly**, that is elected by the residents of the province. Each province is then further subdivided into municipalities, or regencies, most of which also have their own parliaments or District Legislative Assemblies.

Interestingly, to encourage greater female participation in parliament, a political party could not contest the 2014 Indonesian elections unless at least 30 per cent of their candidates at each level were women.



**Source 6** President Joko Widodo (popularly known as Jokowi) was elected as the President of Indonesia in 2014.

## 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 ever hold each of the three main branches of power in the Indonesian parliamentary system. For example, in Indonesia:

- the power to *make the law* is held by the national, provincial and district parliaments who are elected by the people in parliamentary elections held every five years
- the *power to administer* (or implement) *the law* 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 *apply and interpret the law* to resolve disputes is held by the courts and judges.

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 significantly change with each election. Some of the main parties that contested the 2014 elections were:

- the Indonesia Democratic Party, led by a former president, Megawati Sukarnoputri
- the Functional Groups Party, referred to as Golkar, led by Aburizal Bakrie
- the Democratic party, referred to as the Demokrat party, led by the President at the time, Susilo Bambang Yudhoyono.

## casestudy

### Should Indonesia have the death penalty?

In April 2015, two Australians, Andrew Chan and Myuran Sukumaran, along with six other 'death row' prisoners, 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, in 2004, for trying to smuggle approximately 8 kilograms of heroin, worth \$4 million, from Indonesia to Australia. Four other members of the group were also sentenced to death but had their sentences reduced to life imprisonment on **appeal**.

In 2014–15, Indonesia was one of 22 countries throughout the world to carry out the death penalty and, although 101 countries have abolished the use of the death penalty, there is still great support for capital punishment within Indonesia. Support for the death penalty exists particularly among members of the police and 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 it is 'state-approved murder' and does not make a society safer or reduce the likelihood of similar crimes happening in the future.



**Source 7** In 2015, Australian citizens Andrew Chan and Myuran Sukumaran were executed by an Indonesian firing squad after being convicted for drug trafficking in 2005.

## Check your learning 12.4

### Remember and understand

- 1 Who ruled Indonesia before the Japanese invasion in 1942?
- 2 Who was the first directly elected president, and when was he elected?
- 3 How many levels of government does Indonesia have?
- 4 State the name and outline the basic role and structure of Indonesia's national parliament.

### Apply and analyse

- 5 Prepare a table that compares Indonesia's system of government with Australia's. Explain two main differences and two similarities between the two systems of government.
- 6 Distinguish between the types of government that existed in Indonesia under the rule of President Suharto compared to President Susilo Bambang Yudhoyono.

### Evaluate and create

- 7 Draw a timeline that illustrates key changes in the Indonesian government since the Dutch rule ended in 1942.
- 8 Conduct some Internet research into the last national elections held in Indonesia and prepare a 'summary facts sheet'. You may wish to include:
  - a the date of the parliamentary and presidential elections
  - b the voting age and number of votes cast
  - c the name of the successful parties and president.
- 9 Conduct some Internet research into Indonesia's use of the death penalty and the arguments for and against its use. Prepare an editorial for an Indonesian newspaper that discusses whether or not Indonesia should abolish the death penalty. Create an image or cartoon to support your editorial.

## 12A rich task

# Should our government limit free speech?

One basic feature of our democratic system of government is that all citizens have the broad right to freedom of speech so they can express their views and discuss economic, political and social issues without fear of being punished. But to what extent should we protect freedom of speech?

In 1975, the Australian federal government passed the *Racial Discrimination Act* to ensure that all people, regardless of their nationality and background, would be treated equally. More specifically, 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 government announced their intention to strengthen freedom of speech by altering Section 18C of the *Racial Discrimination Act* to remove the words 'offend, insult or humiliate' so that it would only be unlawful to 'intimidate or vilify' another person or group on the basis of their race or ethnicity. The proposal created great controversy and started a debate about whether or not our laws should allow an individual the right to speak in a manner that would offend or humiliate another on the basis of their race.

Eventually this proposed change in the law was dropped because it was too controversial. Since the 2016 federal election, the issue has re-emerged because some new members of parliament, such as Victorian Senator Derryn Hinch, have expressed concerns over such laws that restrict our freedom of speech. Many prominent Australians have differing opinions regarding this proposed change, demonstrated in the following set of quotes.



**Source 1** Thousands of people protested all around the world in support of free speech after 12 people were killed in an attack on a French magazine 'Charlie Hebdo' in 2015.

'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.'  
– Commonwealth Attorney-General, George Brandis

'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.'  
– former Prime Minister of Australia, Tony Abbott.

'Section 18C empowers minorities with the ability to fight back, with the force of the law and the sanction of our state, in the face of the outrageous and malign, which could otherwise be the first step down a dark and evil path.'  
– Leader of the Australian Labor Party, Bill Shorten.

'It may make our hearts sink, but we owe it to our democracy to defend the rights of the most offensive people in our community.'  
– Journalist Antony Lowenstein.

'For them [journalists, 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.'  
– Labor Senator, Penny Wong.

'This matters because – if I may speak freely – plenty of white people (even ordinary reasonable ones) 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.'  
– Lawyer and media commentator, Waleed Aly.

**skilldrill:** Reasoning and interpretation

## Evaluating and comparing information

One main skill you need to develop in your senior years of schooling is the ability to specifically address key 'task words' when preparing a response to a question, and avoid simply writing everything you know about a topic. The following table lists and explains the meaning of some common task words used in humanities subjects such as Commerce, Legal Studies and Economics.

| Task word                    | Meaning   |
|------------------------------|---|
| <b>Evaluate</b>              | To explain (or consider) strengths and weaknesses, and provide an overall conclusion or judgment about the value or worth of what is being evaluated              |
| <b>Compare (or contrast)</b> | To explain and/or discuss similarities and differences  |
| <b>Discuss</b>               | To examine all sides of an issue and provide strengths and weaknesses (if applicable). You should also provide a concluding statement that expresses your opinion |
| <b>Define</b>                | To provide a precise meaning  |
| <b>Explain</b>               | To define and give reasons for  |
| <b>Describe</b>              | To accurately depict, illustrate or outline in a logical sequence   |

Two of the most important task words used in humanities subjects are *evaluate* and *compare* (or *contrast*).

For the task word *evaluate*, follow these steps.

**Step 1** Provide any key definitions or basic explanations about the specified topic in an introduction.

**Step 2** Explain the strengths and weaknesses, or pros and cons, of the issue. For example, the question 'Evaluate the benefits of changing Section 18C of the

*Racial Discrimination Act 1975*' requires you to explain the strengths and weaknesses – or pros and cons – that the proposed changes will have.

**Step 3** Provide a conclusion that summarises the key points and includes your own view, based on the evidence.

For the task word *compare* (or *contrast*), follow these steps:

**Step 1** Examine the texts and highlight similarities and/or differences between them. For example, the task 'Compare the views expressed in the quotes by prominent Australians about the freedom of speech' requires you to examine the set of quotes and highlight and discuss any similarities or differences.

**Step 2** Provide a conclusion that summarises the key points and includes your own view, based on evaluating the different opinions.

## Apply the skill

**1** Form into small groups and compare the quotes made by prominent Australians in response to changing the *Racial Discrimination Act 1975*.

- a** Read and determine the meaning of each quote and categorise each as either supporting or opposing the changes to the Act.
- b** Outline and explain the similarities between the two categories of quotes – that is, those that support and those that oppose changing the Act – and the differences between the views expressed in each category.
- c** In your group, discuss which quotes you most agree with.
- d** Select two quotes of opposing views and 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 the freedom of speech. Your report should include:

- a** an explanation and evaluation of the main arguments supporting laws that protect free speech

- b** a comparison between two opposing views (expressed in the quotes provided)
- c** a conclusion expressing your personal view.

# 12.5 How Australia's democracy is shaped by international factors

As we have already seen, Australia's system of government was established by the British and as such has many features that are similar to the British system of government. For example, our system of government is broadly referred to as a **constitutional monarchy**, in that while we are self-governing and each state and federal parliament has the power to make law in accordance with its respective constitution, the Queen's representative remains the head of state.

## Evolving democracy – recognition of Indigenous Australians

Another feature of our system of government inherited from the British is that it is a democracy, meaning the people determine how they will be governed and may exercise the power to directly govern themselves or elect representatives to govern on their behalf.

Unfortunately, when the British arrived in Australia to set up the first colonies, they simply imposed British laws and failed to respect and acknowledge the rights and existing laws of the Indigenous people. In fact, when the Australian Constitution was drafted in the late 1800s, it reflected the prevailing prejudices that existed against the Indigenous people at the time.



**Source 1** The formal acknowledgement of Aboriginal and Torres Strait Islander peoples in the Australian Constitution is a symbolic step towards reconciliation.

In fact, the Constitution originally contained a clause that specifically prohibited the Commonwealth Parliament from making laws for Indigenous people. This meant that the federal parliament could not make uniform laws that applied to, and for the benefit of, Indigenous people. Indigenous people were also not counted in the national **census**, which symbolised a blatant disrespect for the people and their cultures.

It took until 1962 – 60 years after women were granted the right to vote – for all Indigenous people to be given the right to vote in Australia. It took until 1967 for a successful public vote – called a **referendum** – to change the Australian Constitution and allow the Commonwealth Parliament to make laws with regard to Indigenous people, and to include them in the national census.

Since the 1967 referendum, other significant events and changes in the law have taken place, albeit relatively slowly, to increase the rights of Aboriginal and Torres Strait Islanders and improve democracy in Australia. These include:

- the 1975 abolition of the White Australia policy and subsequent introduction of a policy of self-determination. Indigenous peoples 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 Indigenous people in Australian prisons
- the 1992 High Court of Australia Mabo judgement, which overturned the false legal perception that Australia was an 'empty land belonging to no one' (*terra nullius*) before British colonisation, and legally recognised Indigenous land rights
- 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 led to the 'Stolen Generations'.

While these changes have aimed to improve the rights of Indigenous Australian peoples, much more needs to be done to improve the living standards in Australia's Indigenous communities and acknowledge the importance of Australia's Indigenous heritage. Perhaps the next major step in evolving our democracy will be to alter the Constitution to include a formal acknowledgement of Aboriginal and Torres Strait Islander peoples as the first Australians and original inhabitants of the land. This recognition would help continue the process of reconciliation between the Aboriginal peoples and the wider Australian community, and increase awareness and acknowledgment of Indigenous rights, cultures, languages and heritage.

## Evolving democracy – Australia's involvement with the United Nations

Australia's approach towards the protection of basic human rights and freedoms has reflected the democratic principles that are set out 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. Australia also aims to assist in the promotion and adoption of the UN human rights and standards in developing countries and, over the years, has made significant

contributions to the promotion of democracy, peace and security throughout the world. In fact, Australia is the 12th largest financial contributor to the UN regular and peacekeeping budget, and has provided more than 65 000 personnel to United Nations and other multilateral peace and security operations since 1947. Over most recent years, Australians have served in various UN peace and security operations including in the Middle East, Cyprus, Afghanistan and South Sudan.



**Source 2** Australian soldiers have been involved in UN peacekeeping missions to help restore peace and stability to East Timor.

### Check your learning 12.5

#### Remember and understand

- 1 Explain two legal changes that have taken place to improve the legal rights of Indigenous Australians.
- 2 What principle did the Mabo judgement overturn?

#### Apply and analyse

- 3 Prepare 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.
- 4 Research one of the legal changes identified on your timeline. Discuss whether the change has improved the living standards and rights of Indigenous Australians.
- 5 Conduct research into the types of rights that Australia has agreed to uphold as a signatory to the

UN Universal Declaration of Human Rights. Explain two ways that Australia has promoted the adoption of the UN human rights and standards by other countries.

#### Evaluate and create

- 6 Research and discuss the reasons many Australians support changing the Australian Constitution to formally recognise Aboriginal and Torres Strait Islanders. A great place to start is the Recognise website.
- 7 Research and prepare a 300-word report on Australia's involvement in one UN peacekeeping mission. Provide the date, level of commitment – in terms of forces, personnel sent and dollars – and reasons for Australia's involvement in the mission.

# 12.6 Australia's role as a member of the United Nations

You may have heard of the United Nations (the UN), or of UN ambassadors such as actors Emma Watson and Angelina Jolie. You may not be aware, however, of the purpose of the UN, its role in the international community, or what it sets out to achieve. The work of the UN is to bring all the nations of the world together, focusing on human rights and international justice, and provide a forum, called the General Assembly, where the member nations meet to discuss issues and problems of global importance.

## The United Nations

The United Nations is an international organisation created in 1945 that seeks to promote international cooperation. After World War II it was hoped that this international organisation, devoted to world peace, would prevent war and horrors such as the Holocaust from happening again.



**Source 1** The United Nations headquarters in New York is built on international land owned by 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.

The UN has 193 members and is committed to:

- international peace and security in the world
- creating friendship between nations
- helping nations work together to assist poor people, alleviate hunger and disease, promote literacy, and promote respect for people's rights and freedoms
- providing a central point where nations can come together in order to achieve the above-mentioned goals.

## The United Nations

-  Provides food to 90 million people in 75 countries
-  Vaccinates 58 per cent of the world's children, saving 2.5 million lives a year
-  Assists over 34 million refugees and people fleeing war, famine or persecution
-  Combats climate change; works with 140 nations to prevent harmful mercury emissions
-  Keeps peace with 120,000 peacekeepers in 16 operations on 4 continents
-  Fights poverty, helping 370 million rural poor achieve better lives in the last 30 years
-  Protects and promotes human rights on site and through some 80 treaties/declarations
-  Mobilizes US\$12.5 billion in humanitarian aid to help people affected by emergencies
-  Uses diplomacy to prevent conflict; assists some 50 countries a year with elections
-  Promotes maternal health, saving the lives of 30 million women a year

United Nations - Department of Public Information - 2013

**Source 2** A summary of the type of work the United Nations carries out across the world

## Australia's role as a member of the United Nations

Australia was one of the first 51 countries to become a member of the UN when it began in 1945. Australia is not a powerful nation by world standards, compared to countries such as China and the United States of America. Membership of the United Nations allows Australia to have a voice in international affairs, and play a role in promoting stability in the world. Membership of the United Nations also helps Australia protect its own economic and security interests (discussed further in Unit 12.7).

From 2012 to 2014, Australia had a seat on the United Nations Security Council, the council's most important decision-making body. Australia recently played a leading role in writing a **resolution** that called for access to the crash site where 298 civilians (including 28 Australians) lost their lives when the Malaysian airplane MH17 was shot out of the sky in Ukraine. The crash site was controlled by armed groups who hindered an international investigation into the crash and caused international concern that not all the bodies would be recovered and returned to their families with dignity and respect.



**Source 3** Australia's role as a member of the United Nations Security Council has provided an avenue for Australia to voice international concerns. Here, the Australian Foreign Minister Julie Bishop puts forward a resolution to the United Nations Security Council.

### Check your learning 12.6

#### Remember and understand

- 1 Why was the UN created?
- 2 List four groups of people that might benefit from the work of the United Nations.

#### Apply and analyse

- 3 Explain why membership of the United Nations is beneficial for Australia.
- 4 The former Secretary General of the United Nations Kofi Annan once said:

More than ever before in human history, we share a common destiny. We can master it only if we face it together. And that, my friends, is why we have the United Nations.

- a Do you think it is true that our future can only be assured if we work together? Write a paragraph explaining your position.

- b In your own experience, has there been a situation or problem that could only be solved by several people working together? Outline this situation, telling how it was resolved.

#### Evaluate and create

- 5 The United Nations has named certain days to be observed as international days. Go to the UN website and choose a day in the upcoming months that you are interested in. Devise a way to create awareness of the day 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 that will spark curiosity or a slideshow that can be projected onto a wall as students enter a common room.

# 12.7 Australia's international role and responsibilities

Australia works with the United Nations to provide foreign aid and peacekeeping, and to work towards protecting the environment and upholding human rights.

## Australia's foreign aid responsibilities

Foreign aid is assistance in the form of money, skills or other resources transferred from one country to another, mainly for humanitarian reasons. Countries in our immediate region are the main recipients of foreign aid; these include Indonesia, the Solomon Islands, Cambodia, East Timor, Myanmar and Fiji.

Foreign aid may be given to alleviate poverty and assist a community to develop a better standard of living by providing schools, roads, water supply and medical assistance. Emergency aid may be offered in a humanitarian crisis that threatens the health and safety of a community. Australia gave this type of emergency aid after Typhoon Haiyan devastated the Philippines in 2013.



**Source 1** Australia regularly gives foreign aid in many forms, mostly to countries in need in our region.

In 2000, many countries, including Australia, adopted eight UN goals called the **Millennium Development Goals (MDGs)**. These included such things as wiping out poverty, providing universal primary education, stopping the spread of infectious diseases and providing foreign aid equal to 0.7 per cent of a country's national income. Australia needs to more than double its aid contribution to meet this goal. The goal was downgraded in 2007 to 0.5 per cent but there are doubts even this downgraded goal will be met given that spending on foreign aid was cut in the 2015–16 budget.

**Source 2** Top 20 aid-giving countries

| Rank | Country        | % of nations' total annual income given to aid |
|------|----------------|--|
| 1    | Norway         | 1.07   |
| 2    | Sweden         | 1.01   |
| 3    | Luxembourg     | 1.00   |
| 4    | Denmark        | 0.85   |
| 5    | United Kingdom | 0.71   |
| 6    | Netherlands    | 0.67   |
| 7    | Finland        | 0.54   |
| 8    | Switzerland    | 0.47   |
| 9    | Ireland        | 0.46   |
| 10   | Belgium        | 0.45   |
| 11   | France         | 0.41   |
| 12   | Germany        | 0.38   |
| 13   | Australia      | 0.33   |
| 14   | Canada         | 0.27   |
| 15   | Austria        | 0.27   |
| 16   | New Zealand    | 0.26   |
| 17   | Iceland        | 0.25   |
| 18   | Japan          | 0.23   |
| 19   | Portugal       | 0.23   |
| 20   | United States  | 0.18   |

**Source:** OECD Table 1 Official Development Assistance 2013

## Australia's peacekeeping responsibilities

UN peacekeeping assists countries who have been torn by conflict to achieve lasting peace. It does this by:

- maintaining peace and security in a region
- protecting civilians – civilians are those who are not on active duty with the military, navy, police or fire fighting organisations
- overseeing elections
- disarming those who were involved in fighting – for example, controlling and disposing of weapons
- protecting and promoting human rights
- restoring rule of law to a region, meaning that legal institutions including the government, police, courts and prisons are strengthened and accountable for their actions.

The three basic principles that guide UN peacekeeping include the consent of parties, impartiality and use of force as a measure of last resort. Peacekeepers can be instructed by the UN to 'use all necessary means' to protect civilians under attack, assist authorities to maintain law and order and deter any use of force that disrupts political processes, such as an election.

Australia has contributed to the UN's peacekeeping missions with 3500 Australians serving in peace and security operations in various parts of the world today.

### casestudy

#### Why does the world's youngest nation need our help?

Australia is involved in the UN's peacekeeping mission in South Sudan. South Sudan became a nation in 2011 but is still a war-torn country with fighting taking place between seven armed groups within the country. One-and-a-half million people have been displaced due to war, and thousands have been killed. There have been massacres of civilians in hospitals and churches, with bodies being dumped in mass graves. Starvation continues to grow, compounded by no rain for the crops that have been planted.

The South Sudan peacekeeping mission involves protecting civilians, 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 assist in the economic development of the nation.

The Australian Government has recently pledged \$3 million in emergency assistance for communities affected by continuing unrest in South Sudan in addition to \$40 million already pledged.



**Source 3** An Australian peacekeeper carries a Rwandan child who was injured in a brutal massacre by soldiers of the Rwandan Patriotic Army (RPA) at the UN administered refugee camp at Kibeho in 1995.

## Australia's responsibility to protect 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 greenhouse gas emissions to avert the effects of climate change.

The United Nations plays an important role in bringing countries together to agree on set targets to reduce greenhouse gas emissions. In 2008, Australia became a full member of the **Kyoto Protocol**, an international agreement in which internationally binding emissions-reduction targets were set. Australia must cut its emissions by 5 per cent below 2000 levels, by 2020. Australia took part in a new international climate change agreement in 2015, setting emissions-reduction targets for 2020 and beyond.

## Australia's responsibility to uphold human rights

**Human rights** are entitlements that all human beings possess regardless of their nationality, place of residence, sex, ethnic origin, colour, religion or any other status. The **Universal Declaration of Human Rights** (referred to as the Universal Declaration) was adopted by the United Nations in 1945 and is considered to be the basis of international human rights law. Australia was one of the countries that helped to create the Universal Declaration. Some of the rights in the Universal Declaration are:

- All people are born free and equal.
- Everyone is entitled 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.



**Source 4** 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.

- Everyone has the right to be presumed innocent until proven guilty.
- A person from another country has the right to seek and be given **asylum** from persecution.

Australia is party to seven international human rights agreements. Two of these agreements elaborate on the principles established in the Universal Declaration of Human Rights and are legally enforceable. 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 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, as well as to an adequate standard of living.



**Source 5** Actor Angelina Jolie works with the United Nations as the Special Envoy of the United Nations High Commissioner for Refugees. Jolie has undertaken 40 field missions to some of the most remote regions of the world, bringing the plight of refugees to the attention of millions of people. Here she meets schoolgirls in a village in Afghanistan.

## Check your learning 12.7

### Remember and understand

- 1 Why do some countries need foreign aid?
- 2 Name two of the Millennium Development Goals and explain why they are important.
- 3 Name two international human rights agreements that Australia is party to.

### Apply and analyse

- 4 Imagine you are involved in a peacekeeping operation. What dangers might you face as you carry out your work?
- 5 Do you think Australia gives enough foreign aid compared to other countries?
- 6 Explain why South Sudan requires help from the International community.

### Evaluate and create

- 7 Why is it important that all countries, including Australia, agree on greenhouse gas emissions-reduction targets? Can you think of any problems that would arise if no agreements are reached? Conduct some Internet research on greenhouse gas emission targets, and summarise your findings.
- 8 What are Australia's global responsibilities? In pairs, spend five minutes discussing this question, making notes as you go. Report your conclusions back to the class.

## 12B rich task

# Australia's treatment of asylum seekers

Australia has international obligations to **asylum seekers** and **refugees**. An asylum seeker is a person who flees their country and asks for protection from another country. An asylum seeker is waiting for their claim as a refugee to be processed. A refugee is someone who has been forced to flee their country due to war, persecution, or natural disaster. If the asylum seeker's claim to be a refugee is found to be valid, the asylum seeker will not be returned to their country of origin.

## Reasons people seek asylum

Australia signed the 1951 *Convention Relating to the Status of Refugees* and its 1967 Protocol (the Refugee Convention). According to this Convention, a refugee is a person who has fled their country because of a well founded fear of being persecuted if they remain in their country. They may fear persecution on the basis of race, religion, nationality, membership of a social group or because of their political opinion. The refugee must be unable or unwilling (because of their fear) to seek protection from the authorities in their country. Australia has agreed under the Refugee Convention that refugees will not be sent back to their country of origin where their freedom may be threatened.

It is important to understand that not all asylum seekers who arrive by boat without visas are refugees. The current government's policy discourages asylum seekers arriving without visas by boat. Often asylum seekers pay huge amounts of money to people (called people smugglers) to transport them to another country. Currently, asylum seekers who arrive by boat in Australia without a valid visa must be transferred to a third country and their claims for protection processed individually according to that country's laws. The Minister for Immigration and Border Protection may, however, exercise his discretion to exempt an asylum seeker from



**Source 1** Asylum seekers who arrive in Australia by boat risk their lives to get here. Since 2008 it is reported that there have been 1000 asylum seeker deaths at sea.

transfer. If the asylum seeker is transferred to a third country and is found to be a refugee, they will be resettled in that third country rather than in Australia.

Asylum seekers must live in an immigration detention centre while their refugee claim is being assessed. Some say Australia's treatment of those in immigration detention centres violates our international human rights obligations. This is because of the conditions in the immigration detention centres, and the length of time these people are being detained.

## Perspectives on asylum seekers

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)

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 while the Labor Party was still in government.

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)

## skilldrill: Reasoning and interpretation

### 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 people who may have been involved in or affected by this issue.
- Step 3** Identify the role or position of these people and/or groups in society.
- Step 4** Locate sources that provide evidence about the point of view these 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?

### Apply the skill

- 1** Identify as many different individuals or groups 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 people or groups hold in society.
- 3** Consider the quotes provided. Identify and analyse the perspectives portrayed in each of these sources, using the process outlined in step 5.
- 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?

## Extend your understanding

- 1** Undertake some research about the 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** Find the latest Australia and the United Nations: Report Card and explain the areas Australia needs to improve. The executive summary provides a report card that gives a mark for various categories such as Australia's treatment of asylum seekers and refugees.

## YEAR 10 Unit 2

### Laws and citizens

# 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.



## 13A

### How does the Australian Constitution work?

- 1 Why do you think it might be good that our country has a 'rule book' or Constitution? What would happen if we didn't have one?
- 2 Do you know any of the basic rights or features outlined in the Constitution?
- 3 Have you ever visited our Commonwealth Parliament, or have you seen it on TV? What were your impressions?

## 13B

### How are government policies in Australia shaped by our international legal obligations?

- 1 Do you think it is a good thing that other countries can influence Australia's government policies? Why or why not?
- 2 Do you know of any law or policy that is shared by many countries around the world? Avof any law or policy that is shared by many countries around the world?



**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.

# 13.1 The Australian Constitution – an introduction

A Constitution is a document that creates the basic structure and powers of an organisation, state or nation.

## Why have a Constitution?

Many organisations, including schools, local sporting clubs, community groups and volunteer organisations (like Rotary, and RSL clubs) have a constitution that outlines the aims of the organisation and the rules regarding how it will be governed and operate. Australia also has a national or Commonwealth Constitution that outlines how our country is to be governed. Indeed, 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.

## Reasons for establishing Australia's Constitution

Prior to the Australian Constitution being established in 1901, 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 each of 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 19th 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' (or army), would not be able to defend themselves from potential European 'invasion' and would benefit from having



**Source 1** Delegates from each of the colonies meet together in 1890 at a constitutional conference to discuss Federation.

one uniform defence force that was capable of protecting the entire country.

- *to enhance the national identity.* By the late 1800s, 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.

In 1891 the first of a series of meetings, known as **constitutional conventions**, were held, where representatives from each colony considered a draft Commonwealth 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.

## 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 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 be based upon various parliamentary principles such as the principle of representative and responsible government and the **separation of powers** (examined in Chapter 11).

## Check your learning 13.1

Remember and understand

- 1 What is a Constitution?
- 2 Explain three reasons the colonies throughout Australia agreed to become a united federal nation on 1 January 1901.
- 3 Explain three main purposes of the Australian Constitution.

Apply and analyse

- 4 Explain why the Australian Commonwealth Parliament is often referred to as federal parliament.
- 5 State three laws that are made by the Commonwealth Parliament. Explain the benefits of having these laws made by the Commonwealth Parliament.

Evaluate and create

- 6 Draw a cartoon or image that demonstrates the main reasons that the colonies supported federation.
- 7 The people listed below had significant involvement in the creation of Australia's Constitution. Conduct some Internet research to discover how these people influenced the Constitution and any other important roles they held. Present your findings in a multimedia format such as PowerPoint presentation, Prezi or Publisher Brochure.
  - Sir Henry Parkes
  - Edmund Barton
  - Andrew Inglis Clark
  - Samuel Griffith
  - Sir Richard Baker
  - Sir Robert Randolph
  - Garran John Quick



**Source 2**  
Sir Edmund Barton attended constitutional conventions and became Australia's first prime minister.

# 13.2 How the Australian Constitution works

The Australian Constitution was carefully drafted to provide a stable and long-lasting system of government for Australia. Its function was also to define the law-making powers of the newly established Commonwealth Parliament.

## The law-making powers of the Commonwealth

One of the main roles of the Australian Constitution was to create the Commonwealth Parliament and outline its law-making powers. As a result, the Commonwealth Parliament can only make laws in the areas specifically stated in the Constitution as belonging to the Commonwealth Parliament. The majority of these areas are listed in Section 51 of the Constitution and are referred to as **specific powers**.

Examples of specific powers include:

- marriage and divorce
- currency (i.e. bank notes and coins)
- social welfare benefits (e.g. the aged pension and unemployment benefits)
- trade and commerce (e.g. with other countries and between the states)
- defence (e.g. naval and military forces)
- customs and border protection.

### Types of specific law-making powers

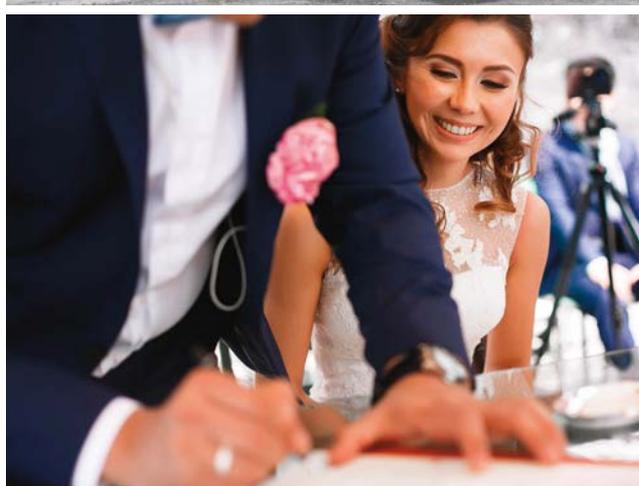
The specific law-making powers of the Commonwealth Parliament that are outlined in the Constitution can be divided into two types – **exclusive powers** and **concurrent powers**.

#### Exclusive powers

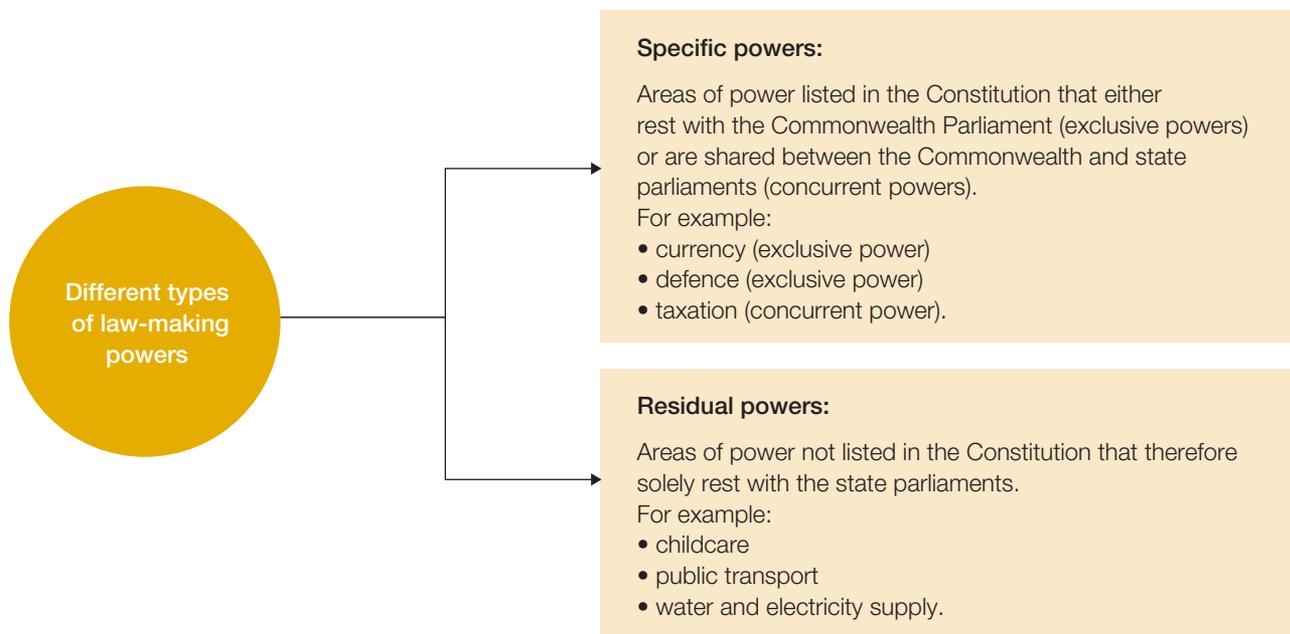
Exclusive powers refer to the specific areas of law-making where *only* the Commonwealth Parliament can make law. For example, only the Commonwealth is able to make laws in the areas of currency, defence, and customs and excise duties.

#### Concurrent powers

Concurrent powers cover areas that are listed in the Constitution as belonging to the Commonwealth, but in practice are shared by both the Commonwealth and state parliaments. One example of an area where powers are shared



**Source 1** Some areas in which the Commonwealth Parliament can make laws include matters related to defence, mining and marriage.



**Source 2** The specific law-making powers of the Commonwealth Parliament

is taxation. While the Commonwealth has the power to make laws that regulate income tax, the states have the power to make laws around stamp duty.

If the Commonwealth and state parliaments pass conflicting laws in concurrent (or shared) areas of power, the Commonwealth's law will overrule the state law. One example of such a conflict took place in 2013 when the Commonwealth overruled ACT's same-sex marriage laws. In October 2013, the ACT government passed a bill allowing same-sex couples to marry, only to have the law overruled by the Commonwealth two months later.

## The law-making powers of the states

Any areas of law-making power that are not specifically listed in the Constitution do not rest with the Commonwealth Parliament. Instead, these law-making powers rest with 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 any of the following areas:

- adoption, surrogacy or IVF technology (which did not exist in 1901)
- childcare
- education
- public transport
- water and electricity supply.

The state parliaments have the sole power to make laws in these areas.

## Changing the Constitution

The Australian Constitution took many years to draft and was carefully framed to provide a stable and long-lasting system of government for Australia. One of the key features of our Constitution is that it is not easily altered. The government of the day must have the approval of the Australian people before any changes are made. 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 via a process called a **referendum**. The referendum process is outlined in the Constitution itself (in Section 128) and involves a compulsory public vote.

### The referendum process

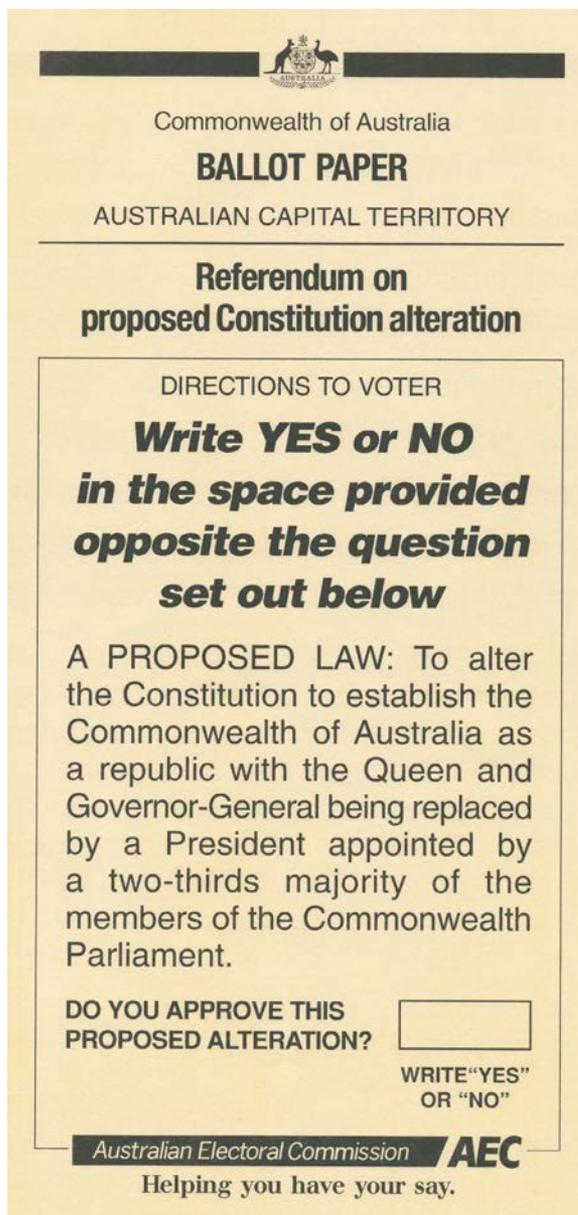
A proposed change to the wording of the Constitution must be drafted and generally approved by a majority of members in both houses of Commonwealth Parliament. Between two and six months later, the proposed change must be put to the Australian people in a compulsory public vote and approved by a **double majority** of eligible Australian voters. This means the proposal must be approved by:

- a majority of voters throughout the whole of Australia, including the territories
- a majority of voters in at least four out of six states.

Once approved by a double majority of Australian voters, the proposed change must be given **royal assent** – that is, final approval by the Governor-General on behalf of the Crown, or Queen.

## Strengths of the referendum process

- The referendum process requires the support of the Australian public, which prevents the 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 makes sure that any change to the Constitution has a large amount of public support, including support from most of the states.



Source 3 The ballot paper from the ACT for the 1999 republic referendum

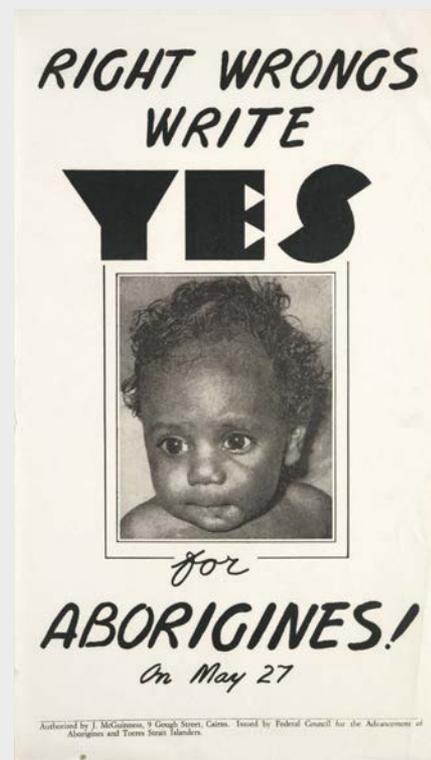
## case study

### Why was the 1967 referendum so important?

Australia's most successful referendum took place in 1967, when more than 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 peoples. The referendum also allowed the Constitution to be changed so that Aboriginal 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 Indigenous Australians.

Today, the date of the historic 1967 referendum (27th May) marks the commencement of National Reconciliation Week – when the Australian community recognises and celebrates the Aboriginal and Torres Strait Islander peoples, including acknowledging and promoting the understanding of past injustices suffered by these Indigenous Australians.



Source 4 A poster urging Australians to vote 'yes' to the 1967 referendum

## 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:

- voters may vote against a proposal to change the Constitution if they do not understand the proposal or are disinterested
- 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.

## Check your learning 13.2

### Remember and understand

- 1 Distinguish between specific and residual powers and list five examples of each type of power.
- 2 What is an exclusive power?

### Apply and analyse

- 3 Suggest 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.
- 4 Explain two strengths and two weaknesses of changing the Constitution via a referendum.
- 5 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. Give reasons for your choice.

Proposals for changing the Constitution:

- 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.
- 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.
- The 1977 proposal to change the retirement age of Judges for all Federal courts to 70 years.
- The 1988 proposal to include a section in the Constitution requiring that all parliamentary elections in Australia be fair and democratic.

### Evaluate and create

- 6 Using a multimedia format, prepare a flow chart that outlines the process for changing the Constitution via a referendum.
- 7 Conduct some research at the Australian Electoral Commission website 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 Australia voters?
- 8 Briefly explain how the Australian Constitution can be changed via referendum and provide one example of a successful referendum and one example of an unsuccessful referendum. You may wish to download the booklet *Closer Look: The Australian Constitution* from the Parliament Education Office website, which provides an excellent overview of the Australian Constitution, including examples of referendums and relevant High Court Cases.

# 13.3 The role of the High Court in interpreting the Constitution

The High Court, located in Canberra, is the highest in Australia's court **hierarchy**. It is the only court that has the power to interpret the Constitution.

## Interpreting the Constitution

The High Court is needed to interpret the Constitution. In addition to creating and outlining the law-making powers of the Commonwealth Parliament and providing a process for changing the Constitution, the Australian Constitution (in section 71) established the High Court of Australia to hear and resolve disputes over the meaning of the Constitution. In fact, the High Court of Australia is the only court in Australia with the power to interpret the meaning of the words and phrases in the Australian Constitution.

## Keeping the Constitution relevant

The High Court helps keep 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 the Commonwealth would have the power to make laws in areas that were not 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*'. Do you think this means the Commonwealth Parliament has the power



**Source 1** Seven **judges** (known as **Justices**) sit on the full bench of the High Court to hear disputes involving the interpretation of the Australian Constitution.

## casestudy

### Interpreting the Constitution

In the cases of *R V Brislan (1935)* and *Jones v Commonwealth (1965)* the High Court of Australia was called upon to interpret the wording of the Australia 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' 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, effectively expanded the Commonwealth's power to make laws in these areas of communication that were not even created when the Constitution was written.



**Source 2** New technologies create many areas of law-making not foreseen by those who wrote the Constitution in 1901.

to make laws in the areas of communication that were created after the 1900s, including making laws about radio and television broadcasting and the Internet?

As illustrated in many High Court cases, like the *Brislan* and *Jones* cases, by interpreting the meaning of the words and phrases in the Constitution, the High Court can help keep the Constitution relevant and up-to-date. It can allow, when appropriate, for new technologies to be included in the Commonwealth's law-making powers.

## The High Court as 'umpire'

When interpreting the meaning of the Constitution, the High Court is able to act as an independent and impartial umpire to check that the Commonwealth Parliament does not make laws that exceed its constitutional law-making power.

## Protecting the rights of the Australian people

Finally, when resolving disputes between individuals and the state and Commonwealth Parliaments over the meaning of the 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. For example, although the Constitution does not explicitly state that Australians have the right to freely discuss and debate political issues – referred to as the **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.

### casestudy

#### Can the Constitution restrict packaging?

In 2012, the High Court was called to determine whether the Commonwealth Parliament had the constitutional power to pass the *Tobacco Plain Packaging Act 2011*, a law banning cigarette companies from using logos, brand images and promotional text on their tobacco products. It would require all tobacco products sold in Australia to be presented in a plain package and contain specific health warnings.

While the law was introduced by the federal Labor government in an attempt to discourage smoking and reduce its harmful affects, it was challenged by some major tobacco companies. These companies, including British American Tobacco and Philip Morris, claimed the plain packaging laws breached the Australian Constitution by unfairly allowing the federal government to acquire or seize their **intellectual property** – that is, their trademarks, branding and logos. Section 51 (xxvxi) of the Constitution bans the Commonwealth from unfairly acquiring property without giving adequate compensation. The High Court, however, ruled in favour of the government and declared the Commonwealth Parliament's law constitutionally valid. In simple terms, the High Court ruled that the 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.

## casestudy

### Can the High Court protect our 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 the freedom of speech. In simple terms, court had to determine whether a Commonwealth law banning political parties from making political broadcasts and placing advertising on radio and television during election campaigns was unfair and made in breach of the Constitution. The court decided that while our Constitution does not expressly mention or protect the broad right to 'freedom of speech' in Australia, it does indirectly imply that Australians have a more narrow right to 'freedom of political communication'. This is because the Constitution states that the government must make laws that *represent* the views and values of the people – which suggests that political parties should be able to

advertise their views and policies prior to an election so people can make an informed decision when voting to elect the government.



**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

Over the years, the High Court has also 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, or laws that breach the Constitution, invalid. In this way the High Court can help protect the basic human rights of Australian citizens.

## casestudy

### What was the 'Malaysian Solution'?

In mid-2011, the Australian federal government made an agreement with the Malaysian government regarding the offshore settlement of asylum seekers who had arrived on Australian shores. Under the proposed agreement, commonly known as the 'Malaysian Solution', the Malaysian government agreed to accept 800 asylum seekers, who had arrived on Australian shores and were being held in detention centres. In return, Australia would receive 4000 refugees who were waiting for re-settlement in Malaysia.

The agreement caused great controversy in Australia. Many refugee, human rights and legal organisations believed the proposal was inhumane.

They stated it was against the spirit of the Refugee Convention – under which Australia has agreed to treat refugees and asylum seekers with respect and compassion – and in breach of the *Commonwealth Migration Act 1958*. Amongst other obligations, this Act requires asylum seekers who arrive in Australia to have legal protection from further persecution.

In the 2011, lawyers acting on behalf of two Afghani asylum seekers lodged a challenge against the Malaysian Solution in the High Court, which subsequently held that the proposal breached the existing Migration Act and was therefore illegal. The case illustrated the ability of the High Court to declare laws and proposals that breach existing Australian law and human rights treaties and conventions invalid.

## casestudy

### Can the High Court influence laws on bikie gangs?

In 2013, the Queensland state parliament, under the leadership of Liberal National Premier Campbell Newman, introduced a range of laws referred to as the 'anti-association' laws. These were designed to reduce the power and amount of illegal activities undertaken by criminal gangs, including criminal motorcycle or 'bikie' gangs, in Queensland. For example, the *Tattoo Parlours Act 2013*, banned members or associates of a criminal organisation – including criminal bikie gangs – from owning, operating or working in a tattoo or 'body art' studio. Another law banned members of criminal bikie gangs, such as the Hells Angels and Comancheros, from entering licensed premises while wearing their gang or club 'uniforms'.

Perhaps the most controversial of the new laws was the *Criminal Law (Criminal Organisations Disruption) Amendment Act 2013*, which made it illegal, among other activities, for three or more members of a criminal gang to associate together in a public place.

In March 2014, lawyers representing a group of criminal bikie gangs lodged an application to the High Court to have the Queensland anti-association laws declared invalid. The lawyers claimed the laws were invalid because they breached the Australian

Constitution by violating the basic right of all Australians – including bikies – to freedom of association, or, in other words, the freedom to peacefully meet together in public to discuss and express their views. The challenge was ultimately rejected by the court.



**Source 5** The introduction of anti-association laws in Queensland has prompted other states to consider and implement the same action.

## Check your learning 13.3

### Remember and understand

- Using examples to support your response, explain why the High Court might be needed to interpret the Australian Constitution.

### Apply and analyse

- Explain what the following statement means: 'The High Court can help keep the Constitution relevant in a modern society'.
- Suggest two areas that have recently been created through the development of new technologies that would not have been envisaged in 1901 when the Australian Constitution was being drafted.
- Explain the importance of the following High Court cases:
  - Australian Capital Television Pty Ltd v Commonwealth* (1992)
  - British American Tobacco Australasia Limited v Commonwealth* (2012)
- State the name of two 'anti-association' laws introduced by the Queensland government in 2013 and explain what each of these laws banned.
  - Explain why the Queensland government introduced the anti-association laws.
  - Why were the anti-association laws challenged in the High Court?

## 13A rich task

# Constitutional recognition of Indigenous Australians

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. Over recent years, support has grown in favour of changing the preamble in Australia's Constitution to include a statement that recognises the Aboriginal and Torres Strait Islander peoples as being the first occupiers of Australia. It is hoped that making such a change to the Constitution will formally recognise and acknowledge the unique Aboriginal and Torres Strait Islander cultures, and the significant way in which these cultures have enriched our national identity. It is also hoped it would promote an awareness and respect for Aboriginal and Torres Strait Islander peoples and Indigenous cultures, languages, heritage and rights.



**Source 1** Red Bean Republic encourages young people to support the constitutional recognition of Aboriginal and Torres Strait Islander peoples.



**Source 2** Adam Goodes, Australian of the Year 2014, and fellow Australian Football League champion, Michael O'Loughlin, show their support of Constitutional recognition of Indigenous Australians via the Recognise organisation.

### skilldrill: Reasoning and interpretation

## Gathering and assessing the reliability of information

Having the ability to gather and sort relevant information and ideas from a range of sources is an important skill. It enhances your ability to make an informed decision, especially considering that not all information is accurate and reliable. For example, while the Internet is a valuable source of information, you must remember that information found there may be factually incorrect. It may also have been prepared in a biased manner by an

individual or group who wishes to promote one particular view or perspective.

When you are conducting research into an issue or topic and gathering your information it is vital that you carefully check its reliability and authenticity. The following steps can help you assess the reliability of information you gather.

- Step 1** Gather your information from a range of sources. These could include a variety of different websites, newspapers, magazines, local papers and documents.

**Step 2** Decide if the information is factual or opinion-based.

**Step 3** Identify if the information 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 often for universities or schools, so the information 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.

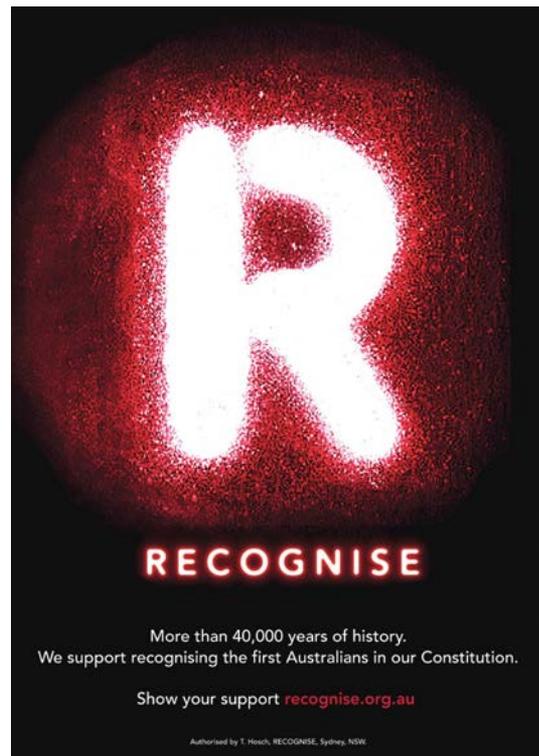
**Step 5** Check if the information you have gathered can be supported or verified by another source.

If you are not sure that your information has been created by a dependable source, you should try to gather additional information from an alternative source to verify its authenticity. As a final tip, you should also check the date on which your information was prepared to make sure it is current and relevant.

### Apply the skill

- 1 Conduct an Internet search to find relevant and reliable information about the campaign to change the preamble in the Australian Constitution to include recognition of the Aboriginal and Torres Strait Islander peoples. Follow the steps in the skilldrill to help you assess the reliability of the information you gather.
- 2 Use your information to prepare a written report on the campaign to recognise Aboriginal and Torres Strait Islander peoples in the Australian Constitution. Your report should include:
  - an introduction that explains the general proposal
  - an explanation of the role of two groups or organisations that support the constitutional recognition, such as Recognise and ANTaR.

- 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 that explains your own personal view on the topic
- a list of all the sources (including URLs) from which you obtained your evidence, and a brief comment regarding the reliability and accuracy of the information gathered from each source.



**Source 3** Recognise is an organisation that develops awareness of the need to recognise Aboriginal and Torres Strait Islander peoples in our Constitution.

## Extend your understanding

- 1 Using the Internet, research and download a copy of the current preamble to the Australian Constitution. After reading it, write a new preamble (maximum of 500 words) for the Constitution. When preparing your preamble 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.

# 13.4 Australia's international legal obligations

Australia has international obligations in a wide variety of areas such as human rights, the environment, defence, security and trade. These international obligations are written down in documents called **treaties**, which Australia is compelled or bound to observe. A treaty can also be called a 'convention', 'protocol', 'covenant' or 'exchange of letters'.

## Bilateral and multilateral treaties

Australia may enter into **bilateral** or **multilateral** treaties. A bilateral treaty is a treaty between Australia and one other country. A multilateral treaty is between Australia and two or more countries. Multilateral treaties are usually developed and overseen by an international organisation such as the United Nations or the International Labour Organization (ILO).

The Commonwealth Government has the power to enter into treaties and contribute to international negotiations. A minister, and in many cases, cabinet make the final decision to sign and ratify a multilateral treaty. Signing a multilateral treaty indicates that

Australia intends to be bound by the treaty at a later date. There is an obligation, however, to refrain from any acts that would defeat the object and purpose of the treaty. **Ratification** is the process that legally binds Australia to implement the treaty.

## The impact of treaties on Australian law

Parliament plays a role in examining treaties that Australia enters into, apart from those considered urgent or sensitive. It also plays a role in passing legislation, if it is needed, to ensure the provisions of the treaty become law in Australia. Source 2 provides some examples of treaties Australia has entered into and how these treaty principles are now included in Australian law. 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.



Source 1 Australia and the UK signed a historic treaty that allowed significant sharing of information, technology, policy and personnel.

## 13A How are government policies in Australia shaped by our international legal obligations?

Source 2 Examples of treaty principles included in Australian law

| Treaty area  | International treaty Australia has entered into   | Australian law that reflects the principles of the treaty in part or full   |
|--|---|---|
| <p>Protecting endangered species</p>              | <p><i>Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)</i></p> <p>Ensures that international trade in wild animals and plants does not threaten their survival.</p>  | <p><i>The Environment Protection and Biodiversity Conservation Act 1999</i></p> <p>Example:<br/>The trapping of orange-bellied parrots (an Australian endangered species) is illegal.</p>   |
| <p>Eliminating racial discrimination</p>         | <p><i>International Convention on the Elimination of All Forms of Racial Discrimination (ICERD)</i></p> <p>Eliminates racial discrimination and promotes understanding among all races.</p>   | <p><i>The Racial Discrimination Act 1975 (Cth)</i> and state law in this area.</p> <p>Example:<br/>A job advertisement states people of certain nationalities need not apply is against the law.</p>  |
| <p>Protecting women against discrimination</p>  | <p><i>The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)</i></p> <p>Defines what constitutes discrimination against women and sets out a national plan to end such discrimination.</p>                                | <p><i>Sex Discrimination Act 1984 (Cth)</i> and state law in this area.</p> <p>Example:<br/>A woman told she can't apply for a promotion because she has family commitments is being discriminated against on the basis of being a woman.</p> |
| <p>Protecting the environment</p>               | <p><i>The Convention for the Protection of the World Cultural and Natural Heritage</i></p> <p>Protects cultural and natural heritage around the world that has outstanding universal value that must be preserved for current and future generations.</p> | <p><i>World Heritage Properties Conservation Act 1983 (Cth)</i></p> <p>Example:<br/>An attempt to destroy a World Heritage site (such as Gondwana Rainforests of Australia) through mining is unlawful.</p>                                   |

## The influence of international legal obligations on policy

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 where Australia worked closely with other countries and implemented policies at home to reduce ozone-depleting chemicals, such as chlorofluorocarbons, in the atmosphere. The ozone layer serves to protect us against excessive ultraviolet radiation from the sun that can cause health problems such as skin cancer. 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.



**Source 3** Scientists predicted that without drastic action the depletion of the ozone layer would restrict outside activity such as going to the beach, playing cricket or taking a walk.

The reduction of greenhouse gas emissions is another area that requires sustained effort from all countries in order to make a difference. As mentioned, Australia is a full member of the **Kyoto Protocol** and did introduce a **carbon tax** aimed at reducing greenhouse gas emissions, but this has subsequently been repealed. Greenhouse gas emission-reduction

targets that other countries commit to will most likely shape future policy and law in Australia.

Failure to live up to our international obligations can result in international pressure to change policy. The United Nations plays a role in monitoring how Australia is performing in relation to its international legal obligations. The 'Australia and the United Nations: Report Card' recently gave Australia poor scores in the following areas:

- **Climate change:** Australia scored a 'D+' in this area. Australia is said to rely too heavily on fossil fuels and needs to set stronger targets for reducing the effects of climate change in the future.
- **Refugees and asylum seekers:** Australia was given 'F' in this area. It was noted that there is increased hostility towards asylum seekers and it was questioned whether the current policy is fulfilling our international legal obligations.

Shining a light on Australia's poor performance in these areas may influence future policy change.



**Source 4** This is an Australian government poster discouraging asylum seekers from entering Australia. Some say Australia's policy on asylum seekers is at odds with its international legal obligations.



**Source 5** Australia, like many other countries, relies heavily on fossil fuels for energy. Fossil fuels include coal, oil and natural gas. 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.

## Check your learning 13.4

### Remember and understand

- 1 Give two examples of an international treaty Australia is a party to and explain the main purpose of each treaty.
- 2 What is the difference between a bilateral and a multilateral treaty?

### Apply and analyse

- 3 Give an example of how Australian law reflects the principles in the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD).
- 4 Why do you think the power to enter into treaties is a Commonwealth government power rather than a state government power?
- 5 Do you think one country acting alone would be able to solve environmental problems such as the depletion of the ozone layer and climate change?
- 6 Is new law always needed to comply with an international treaty Australia has signed and ratified?

### Evaluate and create

- 7 In small groups, discuss how Australia's international legal obligations can affect domestic policy. Write down the main points from your discussion and report back to the class.

- 8 Read the following quote.

'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.

General Peter Cosgrove, *A Very Australian Conversation*,  
Boyer Lectures 2009

- a Why does Sir Peter Cosgrove (Governor-General of Australia) think 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 Sir Peter Cosgrove's, stating your beliefs.

## 13B rich task

# Australia's international obligations to Aboriginal and Torres Strait Islander peoples

The colonisation of Australia by the British from 1788 heralded the beginning of severe and devastating problems for Indigenous Australians, the effects of which are still being seen today. Indigenous Australians have lower life expectancy, higher child mortality rates and higher unemployment 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 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.



**Source 1** A salute given to Prime Minister Kevin Rudd during the 'sorry speech'.

Former Prime Minister Kevin Rudd formally apologised to Indigenous Australians in 2008 for the policies of previous governments, where children of Australian Aboriginal and Torres Strait Islander descent were forcibly removed from their families. In 2009, former Prime Minister Rudd formally endorsed the *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)*. There are also plans to hold a referendum to include Aboriginal and Torres Strait Islander peoples in the Constitution.

In 2008 the Labor Government introduced practical measures to 'close the gap in Indigenous disadvantage'. It set six targets aimed at improving life expectancy for Indigenous Australians:

- 1 closing the gap in life expectancy by 2031
- 2 halving the gap in child mortality rates by 2018
- 3 halving the gap in reading, writing and numeracy achievements for children by 2018
- 4 ensuring access to early childhood education for all four-year-olds in remote communities by 2013
- 5 halving the gap for year 12 student attainment rates by 2020
- 6 halving the gap in employment outcomes by 2018.

Former Prime Minister Tony Abbott added a seventh goal in 2014 which seeks to end the gap between Indigenous and non-Indigenous school attendance within five years.

### Does Australia meet its international obligations in relation to Indigenous Australians?

The most recent *Australia and UN Report Card* praises the support of UNDRIP. It is hoped that UNDRIP will guide the development of policy for Indigenous Australians in the future. Constitutional recognition of Indigenous Australians is also seen as a way of 'resetting' and building the relationship between governments and Indigenous Australians.

The UN report, however, criticised mandatory alcohol treatment legislation passed by the Northern Territory Government effective from 2013. The new laws mean:

- anyone taken into custody for drunkenness three times in two months is to be assessed for treatment
- some alcoholics could be forced into three months of rehabilitation.
- patients may be criminally charged for absconding from the program.

The UN report says that alcoholics need treatment for addiction rather than locking up and subjecting them to treatments ‘untested by credible research’.

The UN report also noted that Australia had not lived up to its international obligations when it suspended the Australian *Racial Discrimination Act 1975* in order to

implement the Northern Territory Emergency Response (NTER). NTER is a policy that aims to protect women and children from abuse by enforcing a range of measures such as the restriction of alcohol, greater police presence and quarantining of welfare payments. The decision to suspend the Act was overturned in 2010.

**skilldrill:** Reasoning and interpretation

## 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 of 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.
- Make sure you present the content in clear, concise dot-point form, *not* as large slabs of text.
- Choose appropriate images.
- 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 just stand up and read out the text on each slide. Plan what you will say during each slide. Record this on cue cards, and use these during your speech.

- One thing at a time! At any moment, what is on the screen should be the thing you are talking about.
- Speak clearly – not too fast, not too slow. Vary tone and pitch to make your presentation more interesting.
- Make eye contact with different members of your audience. *Do not* just look down at your cue cards.

### Apply the skill

- 1 Research, prepare and present an audiovisual presentation about Australia’s international obligations to Aboriginal and Torres Strait Islander peoples. In your presentation include the following:
  - a why Indigenous Australians are a disadvantaged group within Australia
  - b positive steps in government policy affecting Indigenous Australians
  - c an assessment of whether Australia meets its international obligations towards Indigenous Australians.
- 2 Your presentation should be based on relevant and reliable sources.

## Extend your understanding

- 1 As you listen to your classmates, complete the following peer assessment proforma for each presentation

| Name of person completing peer assessment: |  |                   |                    |   |
|--|--|-------------------|--------------------|---|
| Name of presenter                          | What did the presenter do well in this regard? | PowerPoint design | Presentation style | What could the presenter improve upon in this regard? |
|  |  |                   |                    |   |
|  |  |                   |                    |   |
|  |  |                   |                    |   |

## YEAR 10 Unit 3 Citizenship, diversity and identity

# Threats to Australia's democracy

Religious freedom, transparent elections, the right to protest and an independent legal system are all factors that contribute to making Australia one of the most democratic countries in the world. But even the strongest democracies are under threat from disruptive forces. Some of them, like the presence of criminal gangs and outlaws, are easy to spot. Others, like corruption, political apathy and an ageing population, can be less visible but equally problematic when it comes to the future of our democracy.



## 14A

What are the key features of a democracy and cohesive society?

- 1 What do you think the image on this spread is saying about our democratic rights to express ourselves?
- 2 Why is it important that people respect democratic institutions like police and the legal system?



**Source 1** A key feature of a united society is a strong sense of belonging and pride in your nation.

# 14.1 Safeguards to Australia's democratic society

In order to have a strong society that is able to meet challenges, Australia's system of government is based upon core beliefs and attitudes that are respected and valued by most people in our democratic society. For example, our democracy is based on the prevailing beliefs that the people, in free and fair elections, must elect the government and that the government must promote tolerance, cooperation and the freedom of the people by upholding basic human rights.

## The people elect the government

Each of the state, territory and federal parliaments throughout Australia is elected by the people to make laws on their behalf. Compulsory voting aims to make sure that our governments have the support of the majority of the people and not just those who bother to vote.



**Source 1** More than 15 million Australians cast their vote at one of 8500 polling places in the 2016 federal election.

## Elections are free and fair

Independent state and federal electoral commissions have the role of ensuring that all state, territory and federal elections held throughout Australia are free, fair and conducted in accordance with state 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 approximately 16 million people throughout Australia are able to cast their vote in secret. This can be at venues or polling booths on election day, or through postal votes for those who cannot attend a polling booth on the day of the election. The AEC must also check that votes are honestly counted.

In Australia all elections allow citizens to cast their vote in secret to reduce the risk of voters being intimidated or forced into voting for a person or party against their will. Each citizen may only vote once and every vote has the same value, regardless of whose it is.



**Source 2** Malcolm and Lucy Turnbull voting in the 2016 federal election. Malcolm Turnbull was re-elected as Prime Minister.

## Governments uphold basic human rights

An underlying feature of democracy in Australia is that our parliaments and governments make and enforce laws 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 enables 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
- working and living in a healthy environment
- basic health care and education.

Governments also aim to provide structures (including courts, tribunals, and government departments) and services (including hospitals, schools, universities, prisons, the defence and police forces) and social welfare benefits such as aged pensions and unemployment benefits. This is so that Australians can live together in a peaceful, orderly, cooperative and tolerant manner.



**Source 3** Some of the demonstrations between Reclaim Australia and anti-racism groups held throughout Australia have required police intervention.

### Check your learning 14.1

#### Remember and understand

- 1 Suggest three structures or services provided by Australian governments that aim to help people live together in an orderly, tolerant and peaceful manner.
- 2 What is the aim of having a system where voting is compulsory?
- 3 List at least six basic human rights that are upheld by Australian law.

#### Apply and analyse

- 4 Collect three images that express aspects of Australia's democracy.

- 5 What do you think would eventuate if core beliefs and attitudes were not protected? Give two examples of possible outcomes.

#### Evaluate and create

- 6 Imagine you were employed by the federal government to improve social cohesion and unity within Australia.
  - a Explain three programs, laws or initiatives you would implement. Give reasons for your suggestions.
  - b Create an advertisement (either print or audio-visual) to promote one of your proposals.

# 14.2 Threats to Australia's democratic society

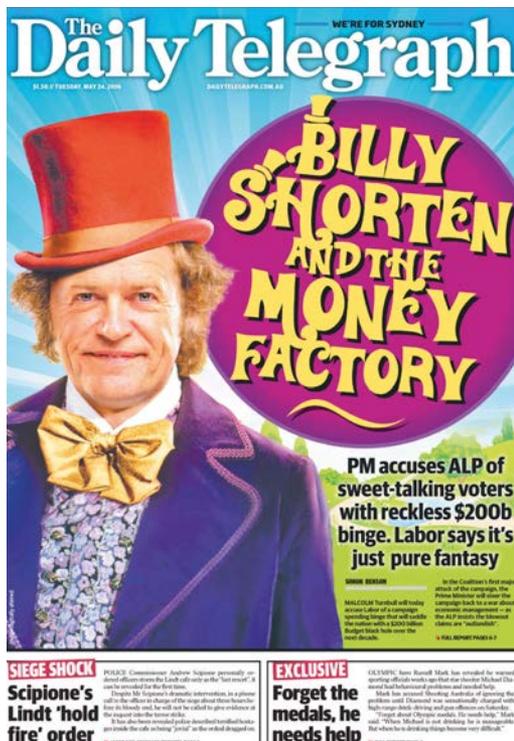
While Australia is generally a cohesive and united nation built on democratic principles, various factors including media bias, our ageing population and the existence of groups with vested interests could potentially threaten our democratic and harmonious way of life.

## 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 reflects their views and values. When making such decisions, most voters gain their information from the media. It is therefore essential that the media present 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 reflect the political interests of their owners and the senior editors rather than an independent and unbiased view?

In Australia the two biggest and most influential media organisations, News Limited and Fairfax, and other media organisations such as the ABC, are often criticised for showing political bias. Given that News Limited and Fairfax account for approximately 85 per cent of all newspaper sales in Australia, these organisations certainly have the ability to influence a wide audience.

It is important to remember that the media is not impartial. There are digital-only media outlets as well as print media that have perceived bias or political leanings. For example, Crikey.com is often viewed as being a 'left-leaning' organisation, meaning they have 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 TV news channels (on free-to-air and/or pay TV) 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.



Source 1 Print media is often criticised for showing political bias.

Source 2 A summary of some major Australian media organisations and their perceived political biases.

| Print/digital media organisation         | Publications   | Perceived bias   |
|--|--|--|
| News Corp Australia                      | <i>The Australian</i><br><i>The Guardian</i><br><i>The Daily Telegraph</i> (Sydney)<br><i>The Herald Sun</i> (Melbourne) | Generally recognised as supporting the Liberal–National Coalition    |
| Fairfax Media                            | <i>The Age</i> (Melbourne)<br><i>The Sydney Morning Herald</i>   | Often viewed as supporting the Labor Party                           |
| Australian Broadcasting Commission (ABC) | <i>ABC News</i><br><i>Lateline</i>   | Often viewed as supporting the Labor Party and the Australian Greens |

casestudy

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 federal election campaign, News Corp Australia was accused of biased anti-Labor reporting, aimed at ensuring the Liberal-National government of the day, under the leadership of Prime Minister Malcolm Turnbull, was re-elected. News Corp Australia is mainly owned by News Limited, a media organisation managed and directed by Rupert Murdoch. News Limited is Australia's largest print media organisation selling approximately 60 per cent of the nation's daily newspapers – or approximately 17 million newspapers per week. With such a large readership it

certainly has a great ability to influence a wide audience and potentially sway many voters.

It has long been suggested that Mr Murdoch influences anti-Labor reporting in News Corp newspapers to further his business interests. For example, it is alleged that Mr Murdoch considers the Labor's party's commitment to a National Broadband Network a threat to Foxtel, another News Limited-owned company. Examples of the negative media coverage in News Corp's publications included a front-page cover of the Daily Telegraph displaying a cartoon of the Leader of the Australian Labor Party, Bill Shorten, being likened to 'Pinocchio' for allegedly telling deliberate lies to gain power. The newspaper even printed an article with a headline implying that Mr Shorten had 'man boobs' that could damage his image and hinder his chances of becoming the Prime Minister.



Source 3 The headline on the front page of the Daily Telegraph the day before election day in 2016.



Source 4 The headline on the front page of the Herald Sun the day after the 2016 election. At this point it was unclear if the Liberal-Nationals had won. The result wasn't made official until 10 July.

## Influence of those with vested interests

Individuals and organisations with vested interests may also threaten democracy. Over recent years, there has been an increasing concern that a small amount 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 who benefit their interests. For example, prior to the 2016 federal election, both the Liberal and Labor parties received large donations from wealthy individuals who owned businesses that might benefit from the election of either party. The Liberals received approximately \$200 000 in donations from Charles Bass, the co-founder of a major mining company, Aquila Resources, while the ALP received nearly \$200 000 from a large union group that supports workers' rights, called United Voice. Other companies

that are often among the largest donors to both political parties include the Australian Hotels Association, which have a vested interest in many areas of the law including liquor licencing and gaming machines, and Philip Morris, a tobacco company that fought against the plain packaging of tobacco laws.

## Lawlessness

In Australia, lawlessness is generally associated with gangs who act in an unruly and sometimes violent manner with no regard for the law. Over recent years, as it has become easier for people to organise large gatherings through social media platforms, there has been an increase in the number of young gangs. These young gangs become involved in street violence, vandalism and other minor crimes. This is concerning because, in addition to posing a risk to public safety, some members of these gangs can become disconnected from society and involved in organised crime.



**Source 5** The Australian Hotels Association has a vested interest in lobbying both state and federal governments on areas of the law including liquor licencing and workers' rights in the industry.



Source 6 Every year billions of dollars' worth of illegal weapons and drugs are traded globally.

## Organised crime

Organised crime is a global problem that threatens the national security and safety of citizens all around the world, including Australia – where it is estimated to cost our economy more than \$15 billion per year. Organised crime generally refers to criminal groups and networks that undertake very carefully planned criminal activities. Some of the main types of crimes undertaken by these groups include major trafficking of illegal drugs and weapons, armed robbery and cybercrime.

Of particular global concern is the crime of human trafficking, where people are taken against their will through force or deception and forced to work in some type of labour: farmhands, factory workers, domestic maids or prostitutes. It is estimated that 2.4 million people are victims of human trafficking each year.

In Australia, we have a range of state and federal bodies that work together to combat organised crime, such as the state and federal police, the Australian Crime Commission, and the Australian Customs and Border Protection Service.

## Corruption

Corruption, or the abuse of power for personal gain, is another factor that threatens democracies all around the world. Australia is viewed as having one of the least corrupt public or government sectors in the world – ranked 13th of 136 countries in terms of being least corrupt. However, our ranking has dropped over the last five years due to an increase in corruption, bribery and fraud in various organisations, including political parties, trade unions and private businesses. One major corruption case involved two companies being charged with bribery offences in 2011 after they allegedly tried to make illegal deals to sell plastic banknotes to the former Iraqi government. All state and federal governments have anti-corruption agencies that work with the police to combat corruption throughout Australia.

## casestudy

### Corruption in the Australian government

In 2016, Victoria's Independent Broad-Based Anti-Corruption Commission (IBAC) found former Education Department chief Nino Napoli guilty of masterminding a scheme that saw him and other senior employers in the education sector steal millions of dollars from the Victorian Department of Education. Mr Napoli was in charge of a budget of 6 million dollars, money that was meant to be spent on disadvantaged schools around the state. Instead, they were spent on private parties, luxury travels and decoration of Mr Napoli's home.

When questioned by the corruption watchdog, Mr Napoli admitted to having stolen the money by using false invoices to pay a range of companies run by his extended family. Amongst other things, Mr Napoli admitted to having paid his son \$120 000 dollars of the department's money for work that was never done. Mr Napoli was sacked from his role as department

chief, along with five other men who were involved in the scheme. Three of them were principals at Victorian Primary and Secondary schools.



**Source 7** Disgraced former Department of Education Chief Nino Napoli was found guilty of corruption as he stole millions of dollars from Victorian schools.

### Lack of trust in democratic institution

Do you trust politicians? If not, you are not alone. Surveys conducted by the University of Canberra ahead of the 2016 federal election found that only 42 per cent of Australians were happy with the way our democracy works. Participants in the survey also ranked their trust in Australian politicians at the lowest point reported in 20 years.

Lack of trust in our political system can lead to 'political apathy', which means that people are indifferent to who gets elected to lead the country and makes its laws. They are also less likely to engage in political debates about decisions that affect their lives.

In order for a democracy to work, citizens must also respect and trust the institutions that enforce the laws made by elected politicians. In Australia, law is enforced by the federal and state police. There are groups in society, such as organised criminals and gangs, who are openly hostile towards the police as an institution.

Some of these groups prefer to settle disputes amongst themselves, rather than involving police and the justice system. In this way, they attempt to live outside the laws and structures of the rest of society.

As we learned earlier in this unit, the media is not unbiased. However, most traditional media companies adhere to standards of ethics that mean they will not knowingly lie or spread false information. Despite this, a growing number of Australians report that they have no trust in the mainstream media. In a 2015 survey, 31 per cent reported that they 'do not trust the news most of the time'. People who do not trust mainstream news media, such as the ABC, tend to seek out news from blogs and websites that are not held up to the same scrutiny in terms of bias and ethical reporting as traditional media. Studies also find that people tend to seek out news sources that confirm the view they already have, which means that they are never subjected to the opinion of other people or groups in society.

## An ageing society

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 only approximately 8 per cent of Australia's population was aged over 65 years. By 2012, this amount had increased to 13 per cent and by 2061, it is predicted to rise to 22 per cent. 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 pensions, and healthcare for the elderly. This could sway policy, moving away from the priorities of younger voters, and potentially unbalancing and threatening social cohesion.

### Check your learning 14.2

#### Remember and understand

- 1 What are three threats to Australia's democratic society?
- 2 How can someone with a vested interest influence political outcomes?
- 3 Give examples of two types of crimes carried out by organised criminals.
- 4 Explain how an ageing society could be a potential threat to democracy.

#### Apply and analyse

- 5 Consider Source 1. What do you think this image is saying about media bias?
- 6 Examine the headlines that appeared in leading newspapers prior to the 2016 federal election (Sources 3 and 4).
  - a What do you think the headlines are saying to readers?
  - b Explain whether or not you believe newspapers have a responsibility to present facts and information in an unbiased manner.
  - c Do you think biased presentation of information in the media could potentially influence Australia's democracy? Give reasons for your response.
- 7 Decide whether the following policies or law changes might potentially strengthen or threaten our democratic and cohesive society. Give reasons for your view.
  - a Bringing back the death penalty as a punishment for very serious crimes such as mass murder and terrorism

- b Banning the building of an Islamic mosque in a country town
- c Continuing to severely restrict the number of asylum seekers allowed into Australia
- d Abolishing compulsory voting
- e Banning political parties from advertising on television and radio during election campaigns
- f Teaching about domestic violence in primary schools

- 8 Consider the fact that more than 30 per cent of Australians do not trust the news media. What effects can this have on our democracy?
- 9 Studies show that people tend to seek out news that confirms their world view. Why do you think this can be a problem?

#### Evaluate and create

- 10 Prepare a poster that identifies factors that strengthen our democratic and cohesive society and factors that threaten our democratic and cohesive society.
- 11 Research one country that does not have a democratic system. Evaluate the ways that this country's citizens experience their system, and compare it with Australia's democratic system. Prepare your findings in a PowerPoint presentation to present to the class.

## 14A rich task

# Maintaining Australia's democratic and cohesive society

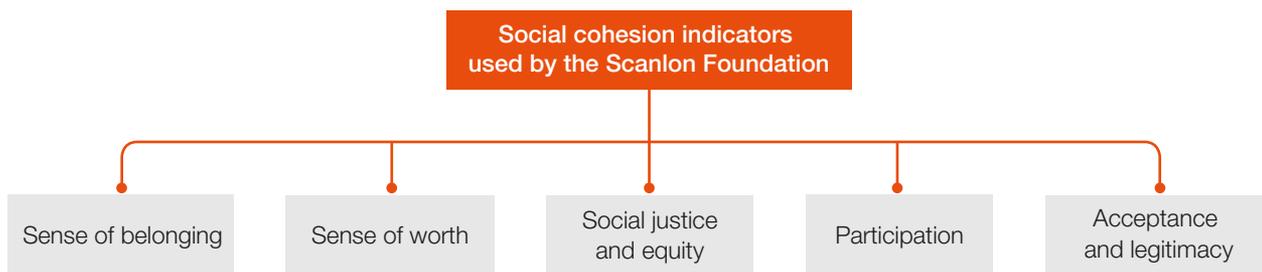
Many different factors influence **social cohesion** in Australia. For example, when the Scanlon Foundation, an organisation that aims to enhance social cohesion in Australia, conducts research, it examines five key indicators, including whether or not Australians:

- feel a *sense of belonging and pride* in being Australian
- have a *sense that social justice and equity* exists in our country
- have a *willingness to participate in voluntary work and the political process* (including have a right and willingness to vote, and protest for law changes)
- feel a *sense of legitimacy* – that is, feel accepted and not subject to discrimination
- feel a *sense of self-worth* or have a general feeling that they are happy and satisfied with life and have positive expectations about the future.



**Source 2** There are five key indicators for social cohesion in Australia, including having a sense of legitimacy and not being subject to discrimination.

Over 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 2013 national survey revealed that 16 per cent of respondents felt they had experienced discrimination on the basis of their race, ethnic origin or religion compared to only 9 per cent in 2012. Similarly, there was a decline in the level of trust respondents had in the government. Only 27 per cent indicated they trusted the federal government 'most of the time' in 2013, compared to 48 per cent in 2009. Views on immigration had also changed, with 42 per cent of respondents believing that immigration levels were 'too high', up from 37 per cent in 2012. There was also a disturbing increase in negative sentiment against asylum seekers, with approximately 80 per cent of respondents believing that asylum seekers arriving by boat should not be eligible for permanent settlement. This perhaps reflects the sentiment behind the Liberal-National Coalition election campaign strategy which included a promise to 'stop the boats'.

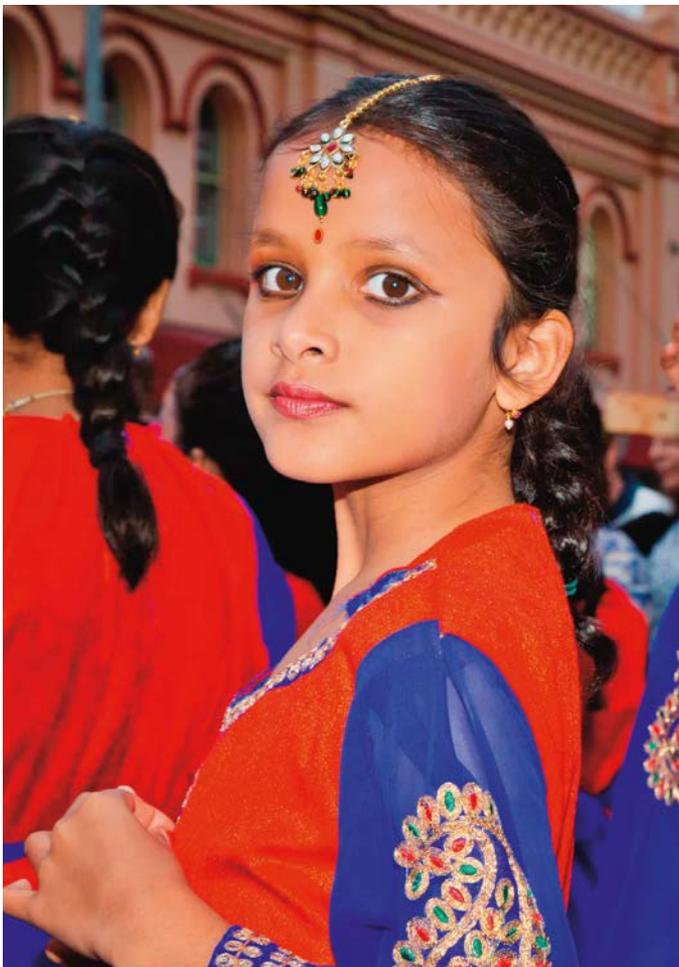


**Source 1** Key indicators of social cohesion in Australia, as used by the Scanlon Foundation

Source 3 What do you think is the most important problem facing Australia?

| Rank | Issue   | %    |
|------|---|------|
| 1    | Economy/unemployment/poverty  | 33.3 |
| 2    | Quality of government/politicians   | 12.5 |
| 3    | Asylum seekers – concern over the arrival of too many asylum seekers, refugees, illegal immigrants<br>(Although, by contrast 2.6 per cent stated the poor treatment of and lack of sympathy towards asylum seekers and refugees was the most important problem facing Australia.) | 9.8  |
| 4    | Social issues – such as family and family breakdown, child care, drug use, lack of personal direction   | 6.6  |
| 5    | Environment – concern over climate change and water shortages   | 4.9  |
| 6    | Health/medical/hospitals  | 4.3  |
| 7    | Immigration/population growth (concern)   | 3.4  |
| 8    | Education/schools   | 3.0  |

Source: \*Scanlon Foundation – Mapping Social Cohesion 2013: National Report



Source 4 Australians come from a broad range of backgrounds

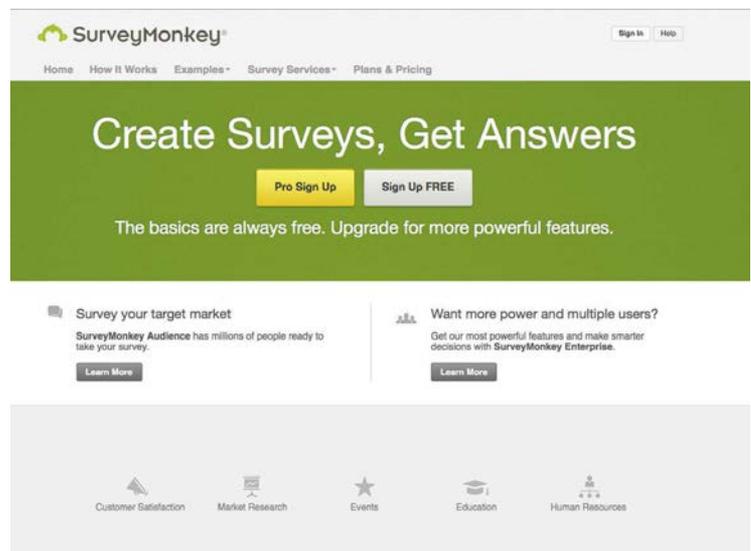
## skilldrill: Reasoning and interpretation

### Creating an online survey

Surveys are an effective way to gather information and data so it may be more easily understood and evaluated. Many online tools and programs exist to allow for the easy generation and analysis of surveys, including Google Docs, Excel, SurveyMonkey and Survey Builder.

When designing an online survey you should follow these basic steps:

- Step 1** Determine the purpose or aim of your survey. Ask yourself what information you wish to collect.
- Step 2** Design appropriate questions. Ask yourself what you already know about the general topic.
- Simplify the topic by breaking it down into small parts.
  - Think about the sort of information you might need to collect to help investigate the topic.
  - Identify where you might be able to obtain this information.
- Step 3** Consider how long you would like your survey to be. People will be reluctant to participate if the survey is too long, is confusing or takes too long to complete.
- Step 4** Choose which online survey tool you will use. Go to the website and follow the steps each tool outlines to get started. For example, with SurveyMonkey you will need to enter your details to set up a free account to get started.
- Step 5** Select what kinds of questions you will ask. SurveyMonkey has more than 15 types of questions you can use, including multiple choice and True or False options.
- 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 or no’ questions
  - ‘true or false’ statements
  - rating scale – such as, ‘on a scale of 1 to 5 (with 1 being most likely and 5 being least likely) answer the following questions
  - comment box for more personalised responses.



| Employee   | Position       | Performance rating | % increase | Current salary | New salary   |
|------------|----------------|--------------------|------------|----------------|--------------|
| John Smith | CEO            | Exceeds            | 7.50%      | \$250,000.00   | \$268,750.00 |
| Jane Doe   | VP Sales       |                    | 0.00%      | \$120,000.00   | \$120,000.00 |
| Bob Bean   | Sales Director |                    | 0.00%      | \$75,000.00    | \$75,000.00  |
| Wendy Hall | Sales Director |                    | 0.00%      | \$75,000.00    | \$75,000.00  |
| Frank Sims | Mgr Operations |                    | 0.00%      | \$120,000.00   | \$120,000.00 |
| Julie Rath | CSR            |                    | 0.00%      | \$50,000.00    | \$50,000.00  |
| Jim Lang   | CSR            |                    | 0.00%      | \$50,000.00    | \$50,000.00  |

**Source 5** SurveyMonkey is a useful online tool to build and analyse 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 forms 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 get a big enough sample size and a mixture of ages, genders and cultural backgrounds in order to give results that represent the general population.
- Step 8** You will need to 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.

### Apply the skill

- 1 Source 3 presents results from a survey asking recipients ‘What do you think is the most important problem facing Australia today?’
  - a Follow the steps above to design and conduct your own online survey that will help you to determine which concerns or issues currently threaten social cohesion in your community.
  - b Send the survey out to those on the mailing list you have created. Remember to keep your survey relatively short so people will be more likely to complete it.
  - c Prepare a summary of your findings, including a list of the top five problems or issues that concerned your respondents. Suggest possible reasons for these concerns.
  - d Compare your survey results with the table provided in Source 3 and identify any similarities and differences in your findings. Suggest some reasons for any differences.
  - e Explain any strengths and/or limitations associated with your survey.

### Extend your understanding

- 1 Conduct some extra research on social cohesion. Explain what is meant by social cohesion in a sentence or two. Then, identify the three most significant factors that you believe have the potential to detract from

Australia’s sense of social cohesion. Jot down your ideas and then discuss your views with a partner or the class.



Source 6 Springvale is south-eastern Melbourne is home to a diverse range of Asian cultures.

# glossary: economics and business

## A

**ATM fees** automatic teller machine used to make banking transactions. Fees or charges may be associated with these transactions

**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)** a public company that operates Australia's primary securities exchange. Shares are one form of security that can be traded via the ASX.

**automation** when work once completed manually is replaced with automatic equipment in manufacturing or other production process

## B

**balanced budget** when government revenue is exactly equal to expenditure

**Better Life Index** the OECD Better Life Index measures well-being across countries, based on 11 topics that cover areas of material living conditions and quality of life

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

**bullying** intimidating someone to force them to do something, or make them uncomfortable or afraid

**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 resources** inputs from man-made goods, such as machines or computers, that are used to produce further goods and services

**capitalism** a set of economic and political ideas stating that private individuals should own productive resources such as land and capital from which they can earn profit

**citizen** person who legally lives in a geographical area

**competitive advantage** when a business is able to outperform similar businesses in a market. The ability to outperform may be due to factors such as skilled personnel, the ability to reduce costs and improve quality.

**compound interest** interest that is earned from a deposit or loan is added to the original deposit or loan. This added interest also earns interest in the future.

**consumer** an individual who purchases goods or services for personal use

**Consumer Price Index (CPI)** a measurement of retail price changes of a constant basket of goods and services, representative of what households in Australia spend

**cost-benefit analysis** estimating what will need to be paid (costs) and possible profits (benefits) derived from a business proposal

**crowdfunding** when a large number of people, usually via the Internet, fund a project or venture by providing small sums of money

## D

**debt** sum or money that is still owed

**deficit budget** when government revenue is less than government expenditure

**deposit** sum of money paid into an account

**depreciation** an asset such as a computer reducing in value 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

**discrimination** treating, or proposing to treat, a person or a group of people unfavourably because of personal characteristics such as age, race, disability, physical features or political beliefs

**dismissal** an employer terminating an employee's employment against their will

**domestic** within a country

## E

**earn** money obtained in return for labour or services

**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** an individual who studies the relationship between the resources that a geographic area (a country for example) 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

**EFTPOS fees** Electronic Funds Transfer at Point of Sale (EFTPOS) involves the transfer of funds electronically from debit or credit cards to pay for goods and services in order to complete a sale. Fees or charges may be associated with these electronic transfers.

**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 set limit, they can receive a credit which can be purchased by other businesses who have emitted carbon dioxide above the government's limit.

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

**employer** business or organisation hiring worker/s to perform specific tasks in return for payment

**enterprise agreement**

- 1 an agreement made directly at the enterprise level between employers and employees about wages and working conditions
- 2 improving a company's ability to make decisions about their workforce in relation to employee wages and conditions

**enterprising** demonstrating initiative and willingness to undertake new projects

**equities** shares in a company – the shareholder holds equity or a stake in the company

**exception fees** charges on an account for what a financial institution considers to be unusual transactions such as exceeding a credit card limit

**exchange rate** value of one country's currency when converted into another country's currency

**expenditure** the amount of money spent by a person or government

## F

**Fair Work Australia** Fair Work Australia was renamed the Fair Work Commission in 2012 *see* Fair Work Commission

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

**final goods** goods that are ready to be consumed now rather than being used to make other goods

**financial planner** a professional who assists customers with planning their finances

**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** system in which private businesses can operate mostly without government control

## G

**globalisation** the process that involves all the countries of the world being linked together, resulting in an exchange of views, ideas, products and culture

**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.

**Goods and Services Tax** a tax added to the value of some goods and services. Currently in Australia the tax is 10% of the value of goods and services sales.

**gross** tax or other contributions have not been deducted

**Gross Domestic Product (GDP)** the total market value of all goods and services produced within Australia in a given time frame

## H

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

**harmonised** to exist suitably together

## I

**import quotas** a physical limit is placed on the quantity of an imported good that can enter the country

**industrialised** a country or region that has developed industries on a wide scale, *see* industry

**industry** the productive activity of manufacturers or businesses that are involved in the process of making goods and services

**inflation** when the general level of prices paid for goods and services over a certain period of time increases

**innovation** a new idea or more effective product or process which makes the product better than ever before

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

**intellectual property (IP)** non-tangible property that is the result of creativity, such as inventions, literary and artistic works, designs and symbols, names, and images. Protected by patents, copyrights and trademarks

**interest (on a loan)** money paid at a particular rate for the use of money lent

**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

**intermediate goods** a good or service that is used to make another product

**internet banking fees** fees that may be associated with banking online

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

**investment risk** the likelihood of losing money on a financial scheme

## K

**Kyoto protocol** an international agreement to reduce carbon dioxide emissions and greenhouse gases

## L

**labour market reform** reducing or eliminating government power in an industry to promote better competition in that industry

**labour resources** inputs from human effort (physical and/or mental) used to produce goods and services

**liquidation** when a company or part of a company is put out of business and assets and property of the company are redistributed to shareholders

**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 focuses on an industry or market segment. It focuses on improving production over the medium to longer term.

**market capitalist economy** an economic and political system where private individuals are the producers who exchange goods and services with consumers and in return keep the profit

**market segmentation** used to divide consumers into parts in order to target marketing to individual needs and wants

**market socialist economy** an economic and political system where the exchange of goods and services takes place via a market where consumers and producers exchange goods and services. The government/state predominantly owns the productive resources used to make goods and services.

**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** policy that affects a particular company, industry or market

**Millennium Development Goals** a UN initiative in which eight international development goals were established following the Millennium Summit of the United Nations in 2000. One of the goals is to halve poverty.

**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

**multilateral** where a treaty exists between Australia and two or more countries

## N

**natural resources** inputs from nature such as water, forests and fertile land 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 the qualitative aspects of our lives, such as enjoyment of nature and feeling safe in the community

## O

**OECD** the Organization for Economic Cooperation and Development (OECD) consists of 30 member countries formed to discuss and promote economic and social policy

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

## 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

**planned capitalist economy** an economic and political system where individuals own the resources used to produce goods and services but the government or state dictates what will be produced, how it will be produced and who it will be distributed to

**philanthropist** person who seeks to promote the welfare of others, especially through large-scale charity

**planned socialist economy** an economic and political system where the government or state predominantly owns the resources and also decides what to produce, how to produce and who it will be distributed to

**portfolio** a collection of assets such as shares, property or interest-earning deposits held by a private individual or institution

**positioning** a marketing strategy that creates a unique position for a product compared to similar products on the market

**primary product** a product that exists in its natural state and has not been used to make other goods and services

**principal** money that was originally invested or loaned

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

**profit** the difference between what was earned and what was spent in order to buy, operate or produce something

**property** real estate that has been purchased with the intention of earning a return on the investment

## R

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

**registration fees** an annual charge for having a vehicle registered

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

**risk** the likelihood of loss

## S

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

**scams** deliberately dishonest schemes

**scarcity** inadequate resources to meet needs and wants

**seasonally adjusted** a statistical method that removes seasonal variation in time series data to gain a truer representation

**segmentation** dividing into parts *see also* market segmentation

**service sector** companies, business and government enterprises that provide intangible goods that benefit the consumer such as tutoring, accountancy, hairdressing and legal advice

**sexual harassment** sexual advances, actions and words that are unwanted and unwelcome

**sharemarket** 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

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

**small business** according to the Australian Bureau of Statistics a small business is one that employs fewer than 20 people

**socialist economy** an economic system where the state or government predominantly owns the productive resources used to make goods and services

**socioeconomic class** classification of people according to their social, economic, or educational status

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

**spend** paying out money to buy goods or services

**stamp duty** tax on the cost of property

**subsidies** a payment by the government or a public body to assist a producer or industry to keep the price of the goods or services low or competitive

**subsistence economy** an economic system where people produce enough for their own needs through methods such as hunting, gathering and farming. Money is not used.

**summary dismissal** an employer dismisses the employee without notice or warning, based on a belief or reasonable grounds that the employee's conduct is sufficiently serious to justify immediate dismissal

**superannuation** saving for retirement, contributions are made by the employer and employee

**surplus budget** when government revenue is greater than government expenditure

## T

**tariffs** a tax on imported goods and services

**trade liberalisation** removing or reducing restrictions or barriers to trade between nations

**traditional economy** *see* subsistence economy

**transaction account** a deposit account held at a bank or other financial institution. Money can be withdrawn on demand.

**treaties** written international obligations which a country is bound to observe

## U

**unemployment rate** the percentage of people who are in the labour force who are unemployed. The labour force includes those who are employed and unemployed.

**unfair dismissal** an employer dismisses the employee without notice or warning, based on unjustifiable or unreasonable grounds

## W

**warranty** a written guarantee to the purchaser to repair or replace the purchase if necessary within a specified time

# glossary: civics and citizenship

## A

**accused** a person who has been charged with or arrested for allegedly committing a crime

**Acts** laws made by parliament. Also referred to as legislation or statutes.

**appeal** referral of a case to a higher court for a decision to be reversed or reassessed

**asylum** protection by a nation to a person who has left their native country as a political refugee

**asylum seeker** a person who seeks protection as a refugee and is still waiting to have his/her application for refugee status assessed

## B

**bail** money provided as security against the temporary release of a prisoner before trial

**bicameral system** a parliament consisting of two houses

**bilateral** where a treaty exists between Australia and one other country

## C

**candidates** a person standing for election

**census** an official count or survey of a population

**carbon tax** polluters being charged a tax to pay per tonne of carbon released into the atmosphere

**citizen** person who legally lives in a geographical area

**citizenship** status of a citizen

**civics** study of the rights and duties of citizenship

**civil case** a legal dispute where an individual alleges another has breached their rights

**coalition** elected individuals or parties who have united to achieve a specific purpose

**common law** laws made by judges or the courts

**concurrent powers** areas in which both the Commonwealth and state parliaments can make law (e.g. marriage & taxation). If the Commonwealth and the states make laws in an area of power that conflicts, the Commonwealth law will prevail

**constitution** a set of rules that determines how an organisation (such as a club, government or nation) will be governed

**constitutional conventions** a series of meetings held in the late 1800s, where representatives from each colony discussed the creation of a new central Commonwealth Parliament.

**constitutional monarchy** a form of government in which the elected parliament has the power to make law but a monarch (e.g. a Queen) remains the head of state

**contract** a legally binding written or verbal agreement between two or more parties

**contravening** disobeying or breaching

**court hierarchy** a ranking of courts from lowest to highest in order of the seriousness of the type of case they can determine

**criminal case** a legal dispute in which an individual (referred to as the accused) who has committed an illegal act that inflicts harm on another individual and/or society, is taken to court (or prosecuted) by the state or government.

**Crown** the Queen of England, who is the Head of State and a part of each parliament in Australia. The Governor-General at Commonwealth level and the Governor at state level represents the Queen.

## D

**damages** a civil remedy where the court orders the defendant to pay an amount of money to the plaintiff (that is, the person whose rights have been breached)

**defamation** a type of civil action where one party makes false statements that causes another party to lose their reputation

**democracy** a system of government in which the people have the power to determine how they will be ruled or managed and so elect a parliament to make and implement laws on their behalf

**discrimination** treating, or proposing to treat, a person or a group of people unfavourably because of personal characteristics such as age, race, disability, physical features or political beliefs

**diversity** having many different forms. When referring to people, it means that people come from different racial, ethnic, socioeconomic, geographic, educational or professional backgrounds

**double majority** the requirement that any proposed change to the wording of the Australian Constitution must be passed by a majority of voters in Australia and a majority of voters in a majority of states

## E

**electorate** a designated geographical area that is represented by an elected member in parliament

**electorates** geographical areas with approximately equal numbers of voters

**exclusive powers** areas in which only the Commonwealth parliament can make law (e.g. defence and currency)

## F

**federal system** a system of government where, for the purposes of governing and law-making, the nation has one central parliament (with the power to make laws for the entire nation) and numerous state parliaments (each of which with the power to make laws for the residents of their state)

**federation** the establishment of a system of government with one central parliament (to make laws for the entire nation) and numerous state parliaments (with the power to make laws for the residents of the states)

**Federation Day** 1 January 1901 – the day when the British Parliament passed a law called the *Commonwealth of Australia Constitution Act 1900* (UK) to unite the separate colonies of Australia and form one nation with a federal system of government

**freedom of political communication** the right of Australians to freely discuss and debate political issues

## G

**global citizen** a person who identifies as being part of the world community and acts according to and seeks to build 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-General** the Queen's Representative in Australia

**guilty** a verdict in a criminal case where the accused is found to have committed an offence. Also referred to as a conviction.

## H

**harmonised** to exist suitably together

**hierarchy** system where order is ranked by level of importance

**House of Representatives** The lower house of the Commonwealth parliament

**house of review** term often used to refer to the Senate in its role as reviewing legislation that has come from the House of Representatives.

**human rights** rights that all human beings possess whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status

**humanitarian** concerned with or seeking to promote the welfare of humans

## I

**ideology** a collection of opinions or beliefs of a group or an individual

**implied rights** rights that are deemed to exist by the High Court interpreting the constitution. For example, over the years the High Court has, in various cases, implied the right to freedom of political communication.

**indictable offence** a serious offence heard before a judge and jury

## J

**judge** the person who presides over the superior and intermediate court levels

**judiciary** the courts

**jurisdiction** the power or authority of a court to hear a particular type of legal dispute

**jury** the group of randomly selected citizens who are called to determine the verdict in a criminal (and sometimes civil) trial

**justice system** a range of organisations or bodies that make and enforce the law including the courts, parliaments, police and prisons. Also referred to as the legal system.

**justices** experienced and senior judges that generally sit in the Supreme Court or higher

## K

**Kyoto protocol** an international treaty for industrialised nations that placed mandatory limits on greenhouse gas emissions

## L

**laws** formal 'legal rules' that are designed to govern the way in which people behave and act so we can all live together in one peaceful and united society

**legal dispute** an argument or disagreement between two or more parties to be resolved by the legal system

**legal obligations** a duty that is enforced by law

**legal principle** the legal reasoning behind a judge's decision that must be followed by magistrates and judges in lower courts, in the same hierarchy, in cases where the facts are similar

**legal rules** laws that govern the way people behave and act so they can live together in one peaceful and united society

**legal system** a range of organisations or bodies that make and enforce the law including the courts, parliaments, police and prisons. Also referred to as the justice system

**legislation** a law made by parliament. Also referred to as an Act of Parliament or statute.

**liberal democracy** a form of government that is a representative democracy. A liberal democracy seeks to protect the rights of the individual such as the right to vote in free and democratic elections

**liberal democracy** a system of government that aims to protect individual rights and freedoms and place limits on the level of government control or interference

**lower house** the first chamber of a two-chamber parliament. The House of Representatives is the lower house of federal parliament.

## M

**magistrate** the person who presides over the lower court level

**Magistrates' Court** the lowest ranked court, which generally hears minor legal disputes. Known as Local Court in NSW

**majority rule** the party or coalition that has won the majority of seats rules, usually determined by 50 per cent plus one

**Millennium Development Goals** a UN initiative in which eight international development goals were established following the Millennium Summit of the United Nations in 2000. One of the goals is to halve poverty.

**multilateral** where a treaty exists between Australia and two or more countries

## N

**national budget** a law outlining a nation's expected income and spending for a given period of time

**negligence** a type of civil action where one party causes harm through failure to uphold a reasonable duty of care to a 'neighbour'

**non-legal rules** regulations made by private individuals or groups that only apply to the members of that particular group

**not guilty** the verdict in a criminal trial where the accused is found to have not committed the crime. Also referred to as an acquittal.

## O

**opposition** the second largest political party, or coalition of parties, after the government party, that works to scrutinise and oppose government policies

## P

**parliament** the national or state law-making body that is made up of elected representatives in both the upper and lower house with a head of state. In Australia the national parliament is referred to as the Commonwealth or federal parliament.

**parliamentary democracy** a system of government where people elect representatives to parliament in order to make laws which reflect the majority of voter's views

**People's Consultative Assembly** the Indonesian national parliament, which is responsible for making laws that apply to the whole country.

**People's Representative Council** the lower house of the Indonesian national parliament (or People's Consultative Assembly), often referred to as the House of Representatives

**plaintiff** the party that initiates or commences a civil action against another party

**plea** a statement given by an accused person indicating their desire to be treated as being either guilty or not guilty at a court hearing or trial

**pluralist society** a diverse society where there is tolerance of different beliefs

**policy** a statement of principles and aims that will shape future decision-making

**political system** a structure that determines who has power to make decisions for members of a state or country

**preamble** a short introduction commonly provided at the beginning of an Act of Parliament (or a Constitution) that explains its broad aims and objectives

**precedent** a legal principle that must be followed by magistrates and judges in lower courts, in the same hierarchy, in cases where the facts are similar

**preferential system** a voting system in which the voter numbers their preferences for candidates. If no candidate receives more than half of first preference votes the next preferences of votes for the least successful candidates are distributed until candidate or candidates are elected.

**presumption of innocence** a legal principle that requires an accused person to be treated as if they were innocent until they have been proven guilty

**prosecuted** an accused person being taken to court by the state or government on behalf of society

**prosecution** the party (i.e. the state or government) that initiates a criminal action or takes an accused person to court on behalf of the victim and society

**proportional representation** proportional representation is a voting system used in the senate. Each candidate must achieve a quota determined by adding one to the total number of vacancies to be filled and then dividing this number by the total number of formal votes and adding one.

## Provincial Legislative Assembly

local or state parliaments elected by the residents of specified geographical area called a province

## Q

**quota** the number of votes a candidate must receive before they are elected

## R

**ratification** a process that legally binds Australia to implement the treaty

**reasonable grounds** the requirement that a dissatisfied party can have the decision of a court reviewed if rational and justifiable reasons exist. For example, the dissatisfied party can make a rational argument that the sentence imposed was too severe compared to previous similar cases.

**referendum** the process for changing the wording of the Australian Constitution. This requires a proposal for change to be passed by both houses of Commonwealth parliament and a large proportion (i.e. a double majority) of Australian voters.

**refugees** someone who has been assessed as having been forced to flee their country due to war, persecution, or natural disaster

## Regional Representatives

**Council** the upper house of the Indonesian national parliament

**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 system of government in which the people vote to elect the parliaments and governments that make and implement the law

**representative democracy** a system where those elected to govern represent the majority of voters

### **representative government**

a parliamentary principle that requires members of parliament to make laws for and on behalf of the majority of voters. If a government does not make laws that reflect the views and values of the majority they risk not being re-elected.

**republic** a system of government where the people vote to determine the government (or Head of State) rather than being governed by a hereditary monarch or Crown (e.g. a King or Queen)

**residual powers** areas of law making power not mentioned in Constitution and so belong to the states only. (e.g. education, public transport, water, and hospitals)

**resolution** a formal proposal to be adopted in law

### **responsible government**

a parliamentary principle that requires members of parliament to be answerable to the voters and carry out their duties in an honest manner or resign

**royal assent** written approval by the Queen's representative, on behalf of the Queen, for a bill to become law given after both houses of parliament have passed the bill

**rule of law** the principle that the laws apply equally to all individuals and organisations throughout a nation and must be upheld by all. The rule of law also means that the law can only be enforced and altered by those with the legal authority to do so.

## **S**

**sanction** a penalty imposed on a person who has breached a criminal law (e.g. a fine or imprisonment)

**Senate** the upper house of the federal parliament of Australia has 76 senators, 12 from each of the six states and two each from the Northern Territory and the Australian Capital Territory

**senators** individuals elected to the upper house of the federal parliament (i.e. the Senate)

### **separation of powers**

a parliamentary principle that ensures no single group or body within our parliamentary system – that is, neither the parliament, the government or the courts – has the power to make, implement, apply and interpret the law

**social cohesion** the ability of a community to live together in a peaceful and unified manner

**specific powers** areas in which the Commonwealth parliament can make law (e.g. defence, currency, marriage and taxation). Specific powers may be concurrent or exclusive

**statutes** laws made by parliament. Also referred to as Acts of Parliament or legislation.

**statutory authorities** a body that parliament gives the power to make laws on their behalf (e.g. local councils and VicRoads)

**summary offence** a minor offence heard and determined in the Magistrates' Court

**Supreme Court of Appeal** the court that hears appeals or reviews cases from the County and Supreme Courts

### **Supreme Court (Trial Division)**

the highest court in the hierarchy that hears the most serious criminal and civil cases (e.g. murder and murder related offences)

## **T**

**treaties** written international obligations which a country is bound to observe

**trial** a hearing to resolve and determine the outcome in a criminal or civil dispute heard in the County or Supreme Courts

## **U**

**United Nations** an international organisation formed in 1945 with the aim of increasing political and economic cooperation among member countries

### **Universal Declaration of Human**

**Rights** adopted by the United Nations General Assembly on 10 December 1948 that sets out basic human rights that should be universally protected

**upper house** the second chamber of a two-chamber parliament. The Senate is the upper house in the federal parliament

## **V**

**verdict** the decision made by a magistrate, judge or jury in a court hearing or trial

**vilify** to speak or write about another person in an insulting or degrading manner

## **W**

### **Westminster parliamentary**

**system** the parliamentary system of Great Britain where parliament consists of two houses and the Crown. It is the parliamentary system used in Australia.

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## part 2 civics and citizenship

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