

# Contents

1. Working for a living
  1. Overview
  2. What is work?
  3. Why work?
  4. Different types of work
  5. Work, the economy and society
  6. Alternative sources of income
  7. SkillBuilder: Analysing and interpreting graphs
  8. Review

UNCORRECTED PAGE PROOFS

## 4 Working for a living



4 Working for a living

### 4.1 Overview

#### 4.1.1 The importance of work

Can you imagine what life would be like if you couldn't buy new clothes, the latest phone, laptop or computer game? Or call your best friend on your mobile, or Skype or Snapchat them? Having access to these things is only possible if you (or your parents) work to earn an income to pay for them. Life would be quite different from what it is today if people did not work. Food production would stop and people would begin to starve. Other supplies such as electricity, gas and clean water would dry up. Houses and other buildings would not be constructed. Buses, trams and trains would stop running. Petrol production would cease, making it impossible for us to drive cars. The very nature of society would change, as would Australia's ability to trade with other countries.

For many individuals, work is how they make a living and generate the income needed to buy food for the table, clothes to wear or even the newest song to download. For others, it is their way of contributing to their own wellbeing and, by helping others to improve their lives, to the wellbeing of the wider community.

---

**Figure 1** Some activities, although fun, can still be considered work.



Every day, people perform mundane but vital tasks that make life easier for us all. Often they are paid for performing these tasks; sometimes they perform them voluntarily. We call these tasks 'work' or 'labour'. Work is more than getting up in the morning and going to a factory or an office. You can be working and still be at home — washing dishes, gardening, looking after your siblings or even cleaning your room. Most of these tasks can be physically exhausting for the body or even exhausting for the mind, and many of them are time and energy consuming.

Gallery

**Figure 2** Images of work

[Gallery: Images of work](#)

The introduction of new technologies such as washing machines, computers, scanners and industrial robots has made work less physical and more intellectual. Today, people are more likely to use machines to perform the tasks that would previously have required the use of human muscle.

**Figure 3** Bar scanners have made work easier for shop assistants.



**Figure 4** Robots are increasingly replacing people on the assembly line, taking over tasks that used to be performed manually.



4 Working for a living

## 4.2 What is work?

### 4.2.1 Why we work

We all dream of being wealthy and able to buy the things we want, when we want them. For most of us, this means we get up and go to work each day to earn a **wage** or **salary**. It is this work or labour that has improved our lives and made us more comfortable.

## 4.2.2 Labour, then and now

In early times, people performed activities such as hunting for food, gathering berries, planting seeds and picking fruit, all of which required manual labour. Today, labour requires the use of modern technology and an education at school, university or TAFE. The modern labour force includes scientists, graphic designers, architects, journalists, web developers, dentists, doctors, pharmacists, shopkeepers, managers and factory workers.

### Gallery

**Figure 1** Examples of the types of activities people perform that can be classified as work

[Gallery: Figure 1 Examples of the types of activities people perform that can be classified as work](#)

## 4.2.3 The importance of labour

When we think of the term **labour**, our first thought will often be 'work'. In very general terms, **work** is defined as human labour — whether paid or unpaid, voluntary or involuntary. A more complex definition is the performance of laborious tasks (mental and physical) and/or the provision of time and effort in exchange for money. If you are working, then you are part of the **labour force**.

In Australia people are considered to be in the labour force if they are:

- over 15 years of age
- and either **employed** or looking for work.

Note that anyone who is not working and not looking for work is not considered to be in the labour force.

**Figure 2** Doing your own household chores is classified as unpaid work.



The main reason we work is to get paid: to receive a wage or salary or other **remuneration** for the work that we perform or the services we provide. When someone is working, they are considered to be employed. According to the Australian Bureau of Statistics (ABS), a person

is employed when they are engaged in some form of work for at least one hour a week. Specifically, it classifies a person as being employed if they work for one hour or more for pay or profit or an **income**. This includes everyone who works — from teenagers working part-time after school, to an older worker delivering advertising material in their local neighbourhood. [Table 1](#) shows that the number of employed people increased from April to May 2016, while the number of unemployed people decreased during the same period. Sometimes the number of unemployed persons can increase even when the number of employed persons has increased. This happens when, for example, more people enter the workforce for the first time (such as school leavers and graduates) or people return to the workforce (such as parents whose children have started school).

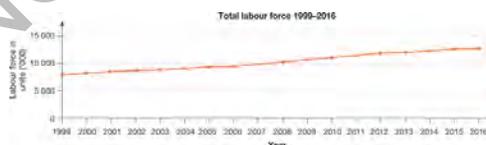
**Table 1** Labour force figures in Australia, April–May 2016

	April	May
Employed persons ('000)	11 915.7	11 919.4
Unemployed persons ('000)	726.5	724.3
Unemployment rate (%)	5.7	5.7
Participation rate (%)	64.9	64.8

Source: Australian Bureau of Statistics, *Labour force, Australia, May 2016* (cat. no. 6202.0).

In the past decade, Australia experienced a steady growth in both population and labour force participants. In 1999, there were 9 379 000 participants in the labour force. By 2016, this number had grown by more than 3 million to 12 627 800. [Figure 3](#) displays the numbers of participants in Australia's labour force. From this graph, we can see a steady growth in the total labour force during the period 1999–2016.

**Figure 3** The Australian labour force 1999–2016



Source: Graph based on data compiled from Australian Bureau of Statistics, *Australian social trends, data cube — Work* (February 2013) (cat. no. 4102.0); *Eco3: Labour Force status, Jan 2007 to Jan 2014*; and *Labour force, Australia, May 2016* (cat. no. 6202.0).

[Table 2](#) shows that between 2001 and 2015 the number of females entering the workforce grew steadily, increasing by almost 5 percentage points compared with an increase of just 0.2 percentage points for males. In 2014–15, the labour force participation rate for males was 78.3 per cent compared to 65.1 per cent for females.

**Table 2** Labour force participation rates based on gender in Australia, 20–74 years, 2001–15

Year	Males (%)	Females (%)
2001–02	78.1	60.3
2002–03	77.9	61.2
2003–04	77.8	60.9
2004–05	78.2	61.9
2005–06	78.7	63.0
2006–07	79.1	63.7
2007–08	79.3	64.4
2008–09	79.3	65.0
2009–10	79.2	64.7
2010–11	79.5	65.1
2011–12	79.1	65.2
2012–13	78.8	65.1
2013–14	78.4	65.0
2014–15	78.3	65.1

Source: Data compiled from Australian Bureau of Statistics, *Gender indicators, Australia, February 2016* (cat. no. 4125.0).

#### 4.2.4 The importance of unemployment

When the ABS examines growth in labour, it also examines unemployment levels. This is because the total labour force is made up of both employed people and people looking for work.

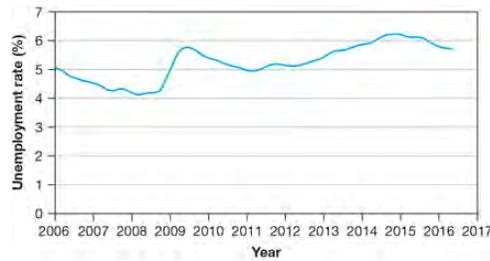
---

**Figure 4** Young people often have higher unemployment rates because of the difficulty of getting experience to land that first job.



The level of unemployment is an indicator of the number of people unsuccessfully trying to get into the workforce. [Figure 5](#) shows that over the past decade, the unemployment rate (the percentage of the labour force actively looking for work) varied up and down gradually — except in 2009, when it spiked. This major spike can be attributed to the start of the global financial crisis. After the global financial crisis, the unemployment rate drifted downward again until 2011, when a steady increase began. Since 2015, the unemployment rate has again been trending down.

**Figure 5** Unemployment rate in Australia, 2006–16



Source: Graph based on data from Australian Bureau of Statistics, *Labour force, Australia, May 2016* (cat. no. 6202.0).

### 4.2.5 Industries people work in

When gathering data, the ABS splits the areas in which people work into 19 industries. These are made up of mining, manufacturing, retail, construction, education, health and 13 more industries. [Figure 6](#) shows these industries and compares the number of people employed in each industry in 1990–91 and 2010–11. Notice that over the past two decades, the number of people employed in manufacturing decreased from about 14 per cent to 9 per cent.

**Figure 6** Number of people employed by industry in Australia, 1990–91 and 2010–11



(a) Annual average of quarterly data.  
 (b) Classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (Revision 1.0) (1292.0).  
 Source: *Labour force, Australia, Detailed, Quarterly* (6291.0.55.003).

Source: Graph redrawn from Australian Bureau of Statistics, *Year Book Australia, 2012* (cat. no. 1301.0).

The very nature of work has changed dramatically over the last century. Much of this change has been driven by advances in technology, the movement of women into the workforce, and major shifts in society's values and attitudes. In the past, the vast majority of the paid workforce was made up of men. Now we see an increasing number of women entering paid employment in preference to staying at home and engaging solely in unpaid work.

**Figure 7** The ABS classifies an ambulance officer as part of the 'Health care and social assistance' industry.



4 Working for a living

## 4.3 Why work?

### 4.3.1 Work to earn a living

How many times have you heard the saying, 'Money doesn't grow on trees'? As you get older, the importance of money and its uses becomes clearer. For example, you need money when you catch up with friends and plan a day out to the movies, ice skating, rollerblading, visiting the art gallery or any other exciting or interesting activities. You need money to fund your lifestyle.

---

**Figure 1** Going to a concert with your friends is just one of the many activities for which you need money.



So where does the money you need come from? If you said your parents, well you know that the money comes from your parents going to work. Once you leave school, though, chances are you will enter the workforce if you haven't already started working while at school. Being part of the workforce will enable you to start earning money, which you can then use to buy things that you want. Earning a living is often the primary reason that people work. It is, however, not the only one.

---

**Figure 2** Jobs provide income that is used to buy goods and services.



#### 4.3.2 Why do people work?

Imagine for a moment that you are unbelievably rich. You have so much money that you will never have to worry about working to earn more. What would you do? Most likely you are imagining a life of non-stop fun. Now it's time for a reality check! Even the wealthiest people in the world often choose to work. This is because there are many personal benefits to be gained from working aside from financial benefits. Non-financial benefits of participating in the workforce include:

- the opportunity to use your skills and abilities in a positive way

- meeting and mixing with new people
- doing something you love and are passionate about
- increasing your self-esteem and confidence
- developing your natural strengths and talents
- wanting to be part of a group or a team at work
- having friends at work
- contributing to the Australian economy
- being happy.

The financial benefits can include:

- earning an income
- exchanging money for goods and services
- being a consumer
- having the ability to buy what you need and want
- creating and maintaining a good standard of living for your family.

### 4.3.3 Benefits of paid work

The main reason that people work is to be paid — to receive an income — but there are other reasons too. Let's look at some of the most common ones.

#### To earn money

To survive, we must have money. Most people sell their labour to an **employer** and receive an income in return. The most common forms of income are wages and salaries. While earning money, many workers will struggle to maintain some degree of balance between work and leisure, known as the **work–life balance**. This need for work–life balance is important to many workers and can form the foundations of a good life and a worker's sense of **wellbeing**.

**Figure 3** Earning money is important for most workers, but achieving a work–life balance is necessary for wellbeing.



### To improve living standards

Imagine a teenage girl who has just received her first pay packet from a part-time job. On her way home, she decides to visit a shopping centre and buy new clothes. The income from her job has allowed her to improve her **standard of living** and given her a brand new wardrobe.

Working generates an income that enables consumers to satisfy their needs and wants.

What if those needs and wants are intrinsic? That describes something inside the individual that will motivate them to want to go to work — for example, to be happy, to have a good life, to feel valued for the work they perform, and to pass on their knowledge and skills to the next generation. A July 2006 study found:

With societies becoming more affluent and the nature of work changing there has been a change from a focus on extrinsic work values (pay, working hours — the benefits a job has for the employees' lives outside of work), to a focus on intrinsic work values (the quality of the work itself).

*Source: FDS International, What workers want: a worldwide study of attitudes to work and work–life balance.*

What this means is that workers are no longer so preoccupied with pay rates. Instead, they are more concerned as to whether the work they do will make them happy and improve their wellbeing.

### To gain status and prestige

The type of work a person does is often used to measure that person's status and prestige within our society. In other words, their status comes from their occupation. The value we place on a person's job determines his or her income. For example, a heart surgeon's highly skilled work is valued more than a labourer's, so the surgeon receives a higher income. This is partly due to the education and training needed to become a surgeon.

---

**Figure 4** The work of a heart surgeon is well remunerated because it is held in high value by society.



### To obtain self-satisfaction

Two hundred **employees** of a factory were asked to write down the most important aspect of their work. The responses revealed that it was not money: 67 per cent of the employees said that knowing they had done the job well and received some praise from the supervisor were the most rewarding aspects. Both job satisfaction and self-satisfaction were seen as important. This doesn't mean that money is not important; it is. However, there are many other rewards you can get from a job.

### To make friends

Work provides the opportunity to meet other people and make friends. Sometimes workplaces have social clubs that employees can join to make friends and have fun.

### To help others

Voluntary workers play an essential role in our society. Many people in the local community work for voluntary agencies such as country fire brigades, Meals on Wheels or the State Emergency Service. They receive no financial payment, but do it for pleasure and the satisfaction of being able to help others.

**Figure 5** Volunteers, such as lifesavers, receive no payment for their work but offer their services to the community freely.



Would you work if you had an alternative source of income that meant you didn't have to? What factors would influence your decision? [Personal and social capability]

#### 4.3.4 Your turn

Activity

4 Working for a living

### 4.4 Different types of work

#### 4.4.1 Paid and unpaid work

As we have already discovered, paid work is defined by the Australian Bureau of Statistics as performing services for one hour or more per week in return for receiving money or income, while unpaid work comprises those tasks performed without receiving an income. Jobs such as cooking, cleaning and gardening are all work, but you cannot argue that you are employed when you are cleaning your room! Household chores do not earn an income, although your parents may reward you with pocket money or an allowance for performing them. In the world of economics, however, pocket money is not considered an income. Other examples of unpaid work are family duties, school, voluntary work and community service.

**Figure 1** Paid work is work carried out in exchange for income.



## 4.4.2 The labour force and its workers

Australia's labour force is made up of people who are working and people who are actively looking for employment, whether it is **full-time**, **part-time**, **casual** or **seasonal**. As we saw in [subtopic 4.2](#), the labour force is made up of people aged 15 and over who are either employed (including self-employed people) or unemployed. People not regarded as part of the labour force include:

- pensioners
- people with a physical or mental disability who are unable to work
- full-time students who do not work
- full-time carers at home looking after children
- volunteers working without pay in institutions such as the State Emergency Service and charities.

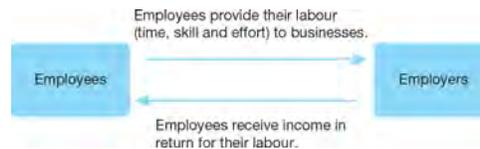
A small percentage of the labour force (just under 6 per cent in 2016) is unemployed. This group is still included in the statistics on employment rates in Australia.

To be considered employed, you must fulfil all these requirements:

- be aged 15 years or over
- have worked for at least one hour in the week, or have a job even though you were not at work in the week
- have received pay, profit, commission, or payment of some kind for your work.

In Australia we have **industry-wide awards** that set out the minimum wages and **working conditions** for all employees in an entire industry or occupation. These awards also set out the award hours, which are the minimum weekly hours of work that a person covered by that award must be given.

**Figure 2** The employment relationship



## Types of workers

In Australia, workers are classified as full-time or part-time, permanent or casual, seasonal, or even on and off. The three main categories are described in [table 1](#).

**Table 1** Different types of workers

Type of worker	Features
Full-time worker	<ul style="list-style-type: none"> <li>• Ongoing employment</li> <li>• Number of hours per week is 35 or more</li> </ul>
Part-time worker	<ul style="list-style-type: none"> <li>• Ongoing employment</li> <li>• Number of hours per week is fewer than 35</li> <li>• Number of hours may be fixed or variable</li> </ul>
Casual worker	<ul style="list-style-type: none"> <li>• Employed on an 'as needed' basis</li> <li>• No permanent weekly roster</li> <li>• Hours vary from week to week; for instance, 10 hours one week and 3 hours the next</li> <li>• May work for more than one employer</li> </ul>

In recent years, the number of casual and part-time workers has grown, with an increasing number of women in the workforce. According to the ABS, working women outnumbered working men in May 2014, with females comprising 50.5 per cent of the total working population while males made up 49.5 per cent. The same survey found that full-time workers made up 60.0 per cent of all employees, while only 40.0 per cent of employees worked on a part-time basis. Here there are striking differences between working men and women: 76.6 per cent of male employees worked full-time but only 43.7 per cent of female employees did so (see [table 2](#)). The majority of female employees worked part time (56.3 per cent), and a greater proportion of female employees (25.6 per cent) were casual than were male

employees (17.4 per cent). Responsibility for the care of children is a likely factor for women finding it more difficult to work full time or overtime.

**Table 2** Work differences between the sexes

	% of male employees	% of female employees	% of total labour force
In full-time work	76.6	43.7	60.0
In part-time work	23.4	56.3	40.0
In casual work	17.4	25.6	21.6

Source: Data compiled from Australian Bureau of Statistics, *Employee earnings and hours, Australia, May 2014* (cat. no. 6306.0).

### The unemployed

The unemployed are those people who are actively looking for work but are not presently employed. It includes people who have lost their jobs due to changes in the economy, those about to start a new job, and those who are between jobs (e.g. fruit pickers and ski-resort workers). Remember that not all work is paid. Volunteers freely give up their time and energy to help the community, and parents stay at home to look after small children. These people are performing important work but they are not counted as part of the labour force.

**Figure 3** Ski instructors are seasonal workers who are employed only during winter.



[Table 3](#) compares unemployment rates across three countries. It shows that the unemployment rate for Australia spiked in 2008–09 during the global financial crisis (GFC), then remained fairly steady for the next three years before starting an upward trend. In

contrast, the US unemployment rate has shown a steady decline after a massive jump in 2009. This jump can be attributed to the GFC, which has also contributed to the trend towards an increase in the number of part-time jobs.

**Table 3** Unemployment rates (annual percentage) across three countries

	Australia	Japan	USA
	%	%	%
2007	5.1	4.0	5.1
2008	4.2	4.0	5.8
2009	5.6	5.1	9.3
2010	5.2	5.0	9.6
2011	5.1	4.6	8.9
2012	5.2	4.3	8.1
2013	5.7	4.0	7.3
2014	6.1	3.6	6.2
2015	6.1	3.4	5.3

Source: OECD (2016), *Unemployment rates*.

### Permanent, casual and seasonal workers

Permanent workers are those who as part of their working conditions are entitled to either paid holiday leave or sick leave, or both. Casual workers are those who as part of their working conditions are not entitled to either paid holiday leave or sick leave, or both. Seasonal workers are usually workers who are employed during a season, such as summer or winter. For example, apple fruit pickers would only work during the apple harvesting season and ski instructors would only work during the cold winter season when there is snow.

### 4.4.3 Voluntary work

When we look at Australia's labour force we tend to focus on who is employed, who is unemployed or who is seeking employment. Often we neglect to acknowledge the valuable contributions made by groups that do not fit into these categories. These groups include:

- volunteers, such as country firefighters or medical specialists working with Doctors without Borders (Médecins Sans Frontières)
- a grandparent caring for a grandchild
- parents caring for a sick or disabled child
- parents who stay at home to raise the family.

Voluntary workers play a significant role in society. Their contribution to the economy is vital, necessary and valuable. Many people work on a part-time basis for non-profit agencies such as the Country Fire Authority (CFA), Meals on Wheels, State Emergency Service, help lines, and with community support groups such as those helping the aged, reading to pre-school children, or even handing out pamphlets for political parties on election day. These workers will usually not receive any payment for the work they perform. They freely volunteer their time and effort to help others in the community, yet in many cases are undervalued and do not receive the recognition they deserve.

**Figure 4** City ambassadors are volunteer workers who provide assistance to tourists in Melbourne.



Many charities rely solely on donations and volunteers to conduct their operations. Should charities also be assisted by our government, or is the system we have the best way of managing things? [Ethical capability]

### 4.4.4 Self-employment

The majority of people employed in Australia — almost 57.3 per cent — work for medium and large **organisations** which have between 100 and 1000 employees and are involved in **business activities**. About 23.3 per cent are employed by small businesses with fewer than

20 employees. However, a minority of people find it more fulfilling to run their own businesses rather than work for someone else. They prefer to be self-employed.

People who believe they have the necessary skills and knowledge to start up their own business are called risk takers or **entrepreneurs**. Entrepreneurs often display **enterprising behaviours** by starting businesses in new markets — locally, nationally or globally. They usually have high skills in a number of areas such as manufacturing, design and production, accounting, management, marketing and **entrepreneurship**. Entrepreneurship is the ability to demonstrate the skills and risk taking related to the creation, organisation and management of a business or enterprise (think back to your work on entrepreneurs in [subtopic 3.2](#)).

The ABS reports (in cat. no. 8165.0) that as of June 2015 there were 2 121 235 actively trading businesses, or businesses involved in some element of business activity, in Australia. This was a 1 per cent increase from 2014. In the 2014–15 year, 12.4% of all businesses exited the market. The vast majority of failed businesses were small businesses. This means that although many people see themselves as having the necessary skills, ability and knowledge to start a business of their own, the chances are high that they will not succeed and will end up seeking employment elsewhere.

---

## Case study

### Bremmera Foods

Bremmera Foods is owned by two young entrepreneurs, Bill Kondoleon and Denis Keno, who saw a niche in the yoghurt market and took advantage of it to start up their own factory that produces Greek-style yoghurt. The men, well aware of the constant appetite the community has for new and healthy products, noticed a void in the industry for good quality yoghurt. Within 18 months, they had grown big enough to move into a factory quadruple the size of their original operations. Today, they offer a range of healthy and new products to consumers.

*Source:* Adapted from *Neos Kosmos* (English edition) 13 April 2009, p. 4.

---

#### learn MORE

Go to your Resources section for

**Weblink:** ABS labour statistics

## 4.5 Work, the economy and society

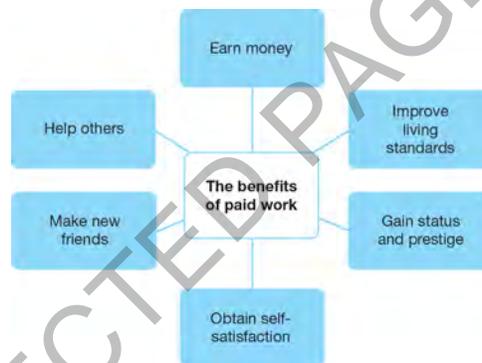
### 4.5.1 The benefits of work

Much of this topic has focused on the importance of work for individuals. However, work also plays an important role within the Australian economy and wider society. The work that people do is what keeps the Australian economy ticking over.

Work affects the economy in a number of ways such as:

- avoiding poverty
- improving productivity
- generating income.

**Figure 1** There are many benefits of paid work.



### 4.5.2 Poverty

When you use the term 'poverty' to describe a person's living conditions, what do you imagine? Do you think that poverty only exists in developing countries? Is it only unemployed people who live in poverty?

For a wide variety of reasons, many people live in poverty, both in Australia and globally. Work is important because it reduces the likelihood of a person living in poverty. In saying this, there are people who work and still struggle to meet their basic needs. Some groups such as single parents, young people and people with a disability face a higher risk of living in poverty (see [table 1](#)).

**Figure 2** Having a job usually reduces the likelihood of living in poverty.



It is quite difficult to measure poverty. In particular, it is difficult to compare the experience of people living in poverty in Australia with that of those living overseas. This is because the income of people and the cost of living varies greatly from country to country. When measuring poverty, it is useful to consider both absolute poverty and relative poverty.

- *Absolute poverty* is often referred to as extreme poverty. This condition refers to an individual or family's inability to pay for basic necessities in life such as food and shelter. Australia is a very wealthy country and therefore the number of people living in absolute poverty is much lower than in developing countries such as China and India. Governments and charities (e.g. the Salvation Army) provide assistance to people who cannot afford basic needs.
- *Relative poverty* is a measure of a person or family's income compared to the income of others. It is measured by working out the median (middle) income and then setting a 'poverty line' — usually a proportion of the median income. For example, it may be determined that a person earning less than 50 per cent of the median income is living below the poverty line.

[Table 1](#) shows that certain groups in Australia are at a high risk of living in poverty. For example, 27.4 per cent of people with a disability were living in poverty in 2011–12. They were considered to be living in poverty because they earned less than 50 per cent of the median income.

**Table 1** Groups in Australia at high risk of poverty, 2011–12

Specific group	Proportion of each group earning less than 50% of the median income
Unemployed households	61.2%
Single adults over 65 years of age	25.2%

Specific group	Proportion of each group earning less than 50% of the median income
Households whose main income is a welfare payment	40.1%
People with a disability	27.4%
Single parent families	33.0%
<b>All people</b>	<b>13.9%</b>

Source: Adapted from Australian Council of Social Service, *Poverty in Australia 2014*.

A person's employment status (full-time, part-time or unemployed) also greatly affects their likelihood of living in poverty. [Table 2](#) shows that only a small number of full-time workers (4.7 per cent) were living below the poverty line in 2011–12. However, 61.2 per cent of unemployed people were considered to be living below the poverty line. This shows that working greatly reduces the risk of poverty.

**Table 2** Risk of poverty based on employment status, 2011–12

Specific group	Proportion of each group earning less than 50% of the median income
Employed full-time	4.7%
Employed part-time	15.9%
Unemployed	61.2%

Source: Adapted from Australian Council of Social Service, *Poverty in Australia 2014*.

### 4.5.3 Work and productivity

**Productivity** is an important indicator in our economy. It tells us how efficiently inputs (such as labour and machinery) are being used to produce outputs (finished products). Businesses are always striving to improve productivity because this will help them be more profitable.

In our work, whether at school, at home or in a workplace, we are always looking for ways of improving how we do things. At school you may use tools such as a diary or a computer to

help you with your work. The aim of these tools is to help you do things more efficiently and to a higher quality. They help you become a more productive student.

One of the most important ways to increase productivity is to improve the education, training and skills of workers. This can be seen in the case study below relating to Stephen. While Stephen was still the same worker after completing a training course, and he was still using the same tools, the extra training allowed him to become a more productive worker. This would also help generate greater profit for the business.

The productivity of workers can also be improved by introducing technology that helps with the tasks they are performing.

---

## Case study

### Stephen Improves His Productivity

Stephen is a hairdresser. On average, Stephen was able to complete 2 haircuts per hour when he started working. Stephen's boss sent him to a training course to enhance his confidence and expertise. At the course, Stephen learned a number of strategies and skills that helped him perform his job more effectively. After the course, Stephen was able to complete 3 haircuts per hour. His level of productivity had increased.

---

**Figure 3** Stephen's new skills improved his productivity.



A common way to measure a country's productivity is to calculate how much is produced by the entire workforce per hour worked. This is called labour productivity. In Australia, labour productivity is calculated by the Australian Bureau of Statistics as Gross Domestic Product per hour worked. Generally, the more that is produced by each worker in a given period of time, the more productive the country is.

#### 4.5.4 Generating income

As we discovered earlier in this topic, work is the main way that people earn income. This income is important as it allows people to satisfy their needs and wants. A large proportion of a person's income is spent on goods and services to improve the quality of their life. The productive work of people also helps businesses to generate income in the form of profit.

Governments rely on individuals and businesses to generate income in our economy. When a person earns an income, part of it is paid to the government as taxation (see [table 3](#)). Similarly, when a business makes a profit, part of its income is taxed. Governments use the money collected from taxation to pay for collective services such as roads, hospitals and education. These services benefit all people in society and therefore improve our standard of living. They also help to reduce poverty.

**Table 3** Individual income tax rates, 2015–16

Taxable income	Tax on this income
0–\$18 200	Nil
\$18 201–\$37 000	19c for each \$1 over \$18 200
\$37 001–\$80 000	\$3 572 plus 32.5c for each \$1 over \$37 000
\$80 001–\$180 000	\$17 547 plus 37c for each \$1 over \$80 000
\$180 001 and over	\$54 547 plus 45c for each \$1 over \$180 000

Source: Australian Taxation Office (ATO) website, *Individual Income Tax Rates*.

**Figure 4** Governments use taxation to build infrastructure such as roads.



#### 4 Working for a living

## 4.6 Alternative sources of income

### 4.6.1 Where does income come from?

Income can come from many sources. The main form of income for most people is the wage or salary they earn from their job. A person who receives a wage is paid an hourly rate for each hour they work. This may vary from week to week. However, a person on a salary receives a set amount of pay regardless of how many hours they work.

As well as wages and salaries, there are a number of alternative forms of income. Some of these alternative sources of income are outlined in [table 1](#).

**Table 1** Alternative sources of income

Alternative source of income	Description
Superannuation	Superannuation is the money that people save for their own retirement. Money is deducted from a person's weekly income and placed into a superannuation fund. People are able to access their superannuation upon retirement. Given that Australia's population is ageing, superannuation will become an increasingly important form of income. (It will be dealt with in more detail in <a href="#">subtopic 4.6.2</a> .)
Commission	People such as real estate agents may earn a commission. This means that for every sale they make they receive a small percentage of the money made. The more they sell, the larger the commission they receive.

Alternative source of income	Description
Welfare payments	People may receive a welfare payment for a range of different reasons. Some retired people receive a pension to help them with their living expenses. Other people may receive a welfare payment if they are unemployed or if they are not working for some other reason (such as illness).
Rental income	A large number of people in Australia own an investment property. An investment property is one that the owners do not live in. Instead, they rent it out to tenants. The rent payments received from tenants provide an alternative source of income for the owners of the property.
Dividends	Some people choose to invest in companies. To do this they buy a 'share' in the company. These people will then become part owners of the business and they are known as shareholders. When the company makes a profit, they give some of the profit to the shareholders and this is called a dividend.

### Interactivity

**Figure 1** Various ways money is earned  
[Interactivity: Various ways money is earned](#)

**Table 2** Average weekly earnings of adults in full-time employment

Sex	2008	2009	2010	2011	2012	2013	2014	2015
Males	\$1232	\$1311	\$1362	\$1420	\$1492	\$1532	\$1588	\$1604
Females	\$1030	\$1081	\$1131	\$1174	\$1230	\$1271	\$1293	\$1328

Source: Adapted from Australian Bureau of Statistics, *Average weekly earnings* (cat. no. 6302.0).

## 4.6.2 Retirement income – a growing form of income in Australia

### Planning for your future

Your parents probably started planning your future from the time they knew a baby was on the way — from how to furnish your bedroom, to what sort of education they would like you to receive and how it could be funded. As you get older, you assume the responsibility for planning your life and start to make your own plans — about buying a car, travelling

overseas, undertaking further training or education, buying a house, getting married, having children, perhaps helping your children achieve their goals, and finally retiring. Your plans need not be so conventional, of course, but you cannot work all your life and you must expect to retire one day. Although that day seems like it is very far away, retirement is something you should start planning for from the time you begin working and paying taxes.

---

**Figure 2** Although it will probably be decades before you retire, you should start planning for retirement as soon as you begin earning money and paying taxes.



### An ageing population

Australia's population is ageing, and the Baby Boomer generation (those born in the two decades following the end of World War II) have begun reaching retirement age. Over the next few years, this will have a great impact on the nation's ability to provide support for retirees. In the past, the government has supported retirees by providing them with an income in the form of a government pension. This may no longer be an option by the time the bulk of the Baby Boomers retire because there will be more people in the non-working category than there are in the working category.

---

**Figure 3** Improvements in science and technology have decreased infant mortality and increased life expectancy, creating an ageing society.



The federal government is responsible for developing retirement policies to help ensure that most Australians can live a decent life after they stop working. It has made significant changes to its retirement age policies, prompted mainly by the increased life expectancy of Australians. Advances in medicine — mainly due to technology in the form of new surgical equipment and new drug development resulting in new medicines — have enabled people to live longer. As you can see from [table 3](#), by 2014 life expectancy at birth had reached 80.3 years for males and 84.4 years for females. Life expectancy in 1996 was lower at 75.2 years for males and 81.1 years for females.

**Table 3** Life expectancy (in years) at birth in Australia, 2004–2014

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Males	78.1	78.5	78.7	79.0	79.2	79.3	79.5	79.7	79.9	80.1	80.3
Females	83.0	83.3	83.5	83.7	83.7	83.9	84.0	84.2	84.3	84.3	84.4

Source: Australian Bureau of Statistics, *Deaths, Australia 2014* (cat. no. 3302.0).

### If you retire ... where will your income come from?

Having enough income is vital if you want to enjoy your retirement. While working, you receive a regular income which you use to pay bills and buy goods and services to satisfy your needs and wants. You adapt your spending to suit your income pattern. For example, you will probably pay your bills or buy your groceries on pay day. Taxation automatically comes out of your wage and is managed by your employer so you don't have to really worry about it. What happens when you retire — where will your income come from and how much money will you need?

---

## Case study

### How Much Money Will You Need In Retirement?

The Association of Superannuation Funds of Australia (ASFA) Retirement Standard regularly releases figures showing how much an individual or a couple will need in order to live modestly or comfortably when they retire. For example, in March 2016 it estimated that a single retiree living a modest life required \$23 651 per year while a couple needed \$34 064. For a slightly more comfortable lifestyle, a single retiree would require \$42 893 while a couple would need \$58 922. A modest life is defined as having a lifestyle which is better than the current age pension but still only affording fairly basic activities, while a comfortable retirement lifestyle is defined as a lifestyle that enables:

---

---

an older healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel.

*Source:* Association of Superannuation Funds of Australia.

---

Sources of retirement income include:

- superannuation
- the age pension
- private savings
- part-time work.

### Superannuation

Superannuation is a way of accumulating money for retirement through a combination of employer, employee and government contributions towards a special fund for this purpose. If you earn more than \$500 a month, your employer automatically pays a contribution towards your superannuation. (You can see the amount listed on your pay slip.) In addition, you could start making your own contributions to your superannuation fund as part of a savings plan. When you retire you can then access your superannuation — but not before that time other than in exceptional circumstances.

Upon retirement you are given a choice as to how you will receive your superannuation income: as a lump sum, or as a regular weekly or fortnightly income.

---

**Figure 4** Retirees can access an income from a wide variety of sources.



## Age pension

By the time you are old enough to retire, there is a real possibility that the only support for retirees will come from funds like superannuation. Your grandparents, however, were able to receive the age pension. The age pension consists of income support payments from the government to people needing social security and other related government programs. Other pensions and allowances are currently paid to the unemployed, the disabled, the sick, certain families with children, veterans and their survivors, and some students.

Australian men and women can access the age pension at 65 years of age, but by 2035 this will rise to 70 years of age. Other countries have different rules about when people can access government benefits after they retire. In France, for example, the age at which both men and women can access the pension is 62 years. Sweden has a flexible retirement age, allowing Swedes to retire and claim the state pension as early as 61 years. This is partly due to this country's strong economy and steady population.

## Private savings

Another source of retirement income is any savings that you have accumulated during your working life and the interest received from banking those savings. You can then use these savings to buy an annuity (a stream of regular payments for a fixed period or for the rest of your life), or be very frugal and dip into your savings to pay your living expenses until your money runs out.

## Part-time work

For many retirees, a natural progression towards retirement is to gradually leave the workforce by reducing their working hours. Simply changing from full-time to part-time employment can ease the transition towards retirement. During 2009–10, one-quarter of the total population in Australia was aged 55 years and over, and one-third of this age group was part of the labour force. The government has encouraged seniors to remain part of the workforce, and to contribute to the economy, by offering them tax benefits. It has also increased the minimum age at which they become eligible for the pension, thereby forcing many to remain at work.

Older workers — those aged between 45 and 64 years — currently account for nearly a quarter of those who are officially unemployed. In reality, this figure is likely to be even higher, as many older workers become discouraged about finding work, stop looking and 'retire'. Older workers are also much more likely to experience periods of long-term unemployment than younger workers. This is due to several factors:

- Some employers have negative attitudes towards older workers and discriminate on the grounds of age.
- Some employers believe older workers are slower and unable to adjust to new technology.

- Some employers have the attitude that older workers are likely to leave the job earlier as they are closer to retirement.
- Some older workers are reluctant to work under a younger manager.
- Some older workers are inflexible.

More men than women report that they are discriminated against on the basis of their age. The fact is there are laws that protect workers from discrimination at work on the basis of their age. Whatever our age, we all have the right to be treated fairly and to be given the same opportunities.

4 Working for a living

## 4.7 SkillBuilder: Analysing and interpreting graphs

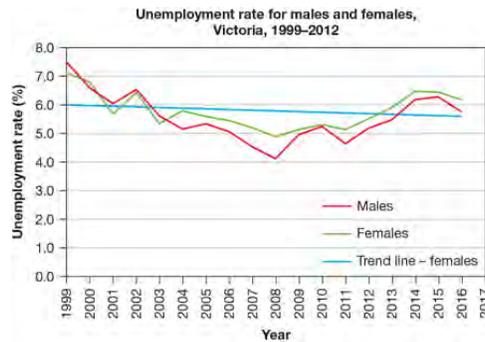
### 4.7.1 Tell me

Throughout this chapter, you have seen different graphs displaying information about various aspects of work and income in Australia. We will now examine the line graph in greater detail.

### 4.7.2 Show me

Line graphs are useful for showing trends (patterns of change over time) and comparing data. When reading line graphs, find points on the graph where two variables meet to obtain specific information. For example, in [figure 1](#) the variables being measured are the unemployment rates for males and females. We can see that the two curves cross at various points, indicating that the unemployment rate for males and females was the same at those points in time. We can see from the horizontal axis that the most recent time this occurred was in 2003 and the vertical axis shows that the unemployment rate was about 5.5 per cent, so we know that the unemployment rate for both sexes in 2003 was about 5.5 per cent.

**Figure 1** Victoria's unemployment rate by gender, 1999–2016



Source: Graph based on data compiled from Australian Bureau of Statistics, *Labour force, Australia, May 2016* (cat. no. 6202.0.).

Look at the trend line in [figure 1](#). What trend do you see overall for the number of unemployed females and how does this compare to the unemployed males?

### 4.7.3 Let me do it

#### Activity

4 Working for a living

## 4.8 Review

### 4.8.1 Summary

Work is an important part of every person's life, necessary to fund the purchase of goods and services to meet needs and wants. Work also has non-financial benefits. The nature of work has changed significantly over the past two decades.

- Work can be paid or unpaid.
- Work can be voluntary, and volunteers make an important contribution to the community.
- It is important to have a balance between work and life.
- The labour force consists of people aged 15 and over who are able to work, and are either employed or looking for work.
- There are more males than females in full-time employment. Women tend to have more part-time or casual employment.

- Work contributes to the Australian economy by helping to reduce poverty, improve productivity and generate income.
- Alternative forms of income include superannuation, commission, welfare payments, rental income and dividends.
- The population of Australia is ageing as infant mortality falls, life expectancy rises, and new technology and medicines are developed.
- It is a good idea to start planning for your retirement as soon as you start working.
- Retirees still need to have an income.
- Retirement income streams consist of superannuation, pensions and savings.

## 4.8.2 Your turn

Activity

### learn MORE

Go to your Resources section for

**Interactivity:** Working for a living crossword