11 Towards independence

11.1 Overview

Numerous **videos** and **interactivities** are available just where you need them, at the point of learning, in your digital formats, learnON and eBookPLUS at www.jacplus.com.au.

11.1.1 Introduction

As young people get older they begin to want more independence. This means having the freedom to make their own decisions regarding personal, social and financial matters.

Moving towards independence may mean moving out of home to live alone or with friends. Recent trends show that nowadays many young adults leave this step towards independence until much later than previous generations. Some young people choose to 'leave the nest' after careful planning and organisation. Others may find themselves with little choice but to 'go it alone'. No matter if the time is right or whether circumstances make it necessary, there are resources and support groups to help with any financial and legal matters that arise. Knowing about the issues and possible pitfalls can help make the transition safer and easier.

CONTENT FOCUS

On completion of this topic, you will have:
- investigated financial, consumer, legal and employment issues which may affect you in the future
- examined a range of strategies that you may use in your move towards independence
- learned about the role of community organisations and how you, as an individual, can contribute to society.

on Resources

Video eLesson	Towards independence (eles-3516)
Digital documents	Key terms glossary (doc-32674)
	Worksheet 11.1 Start up! (doc-32825)
eWorkbook	Customisable worksheets for this topic (ewbk-0868)

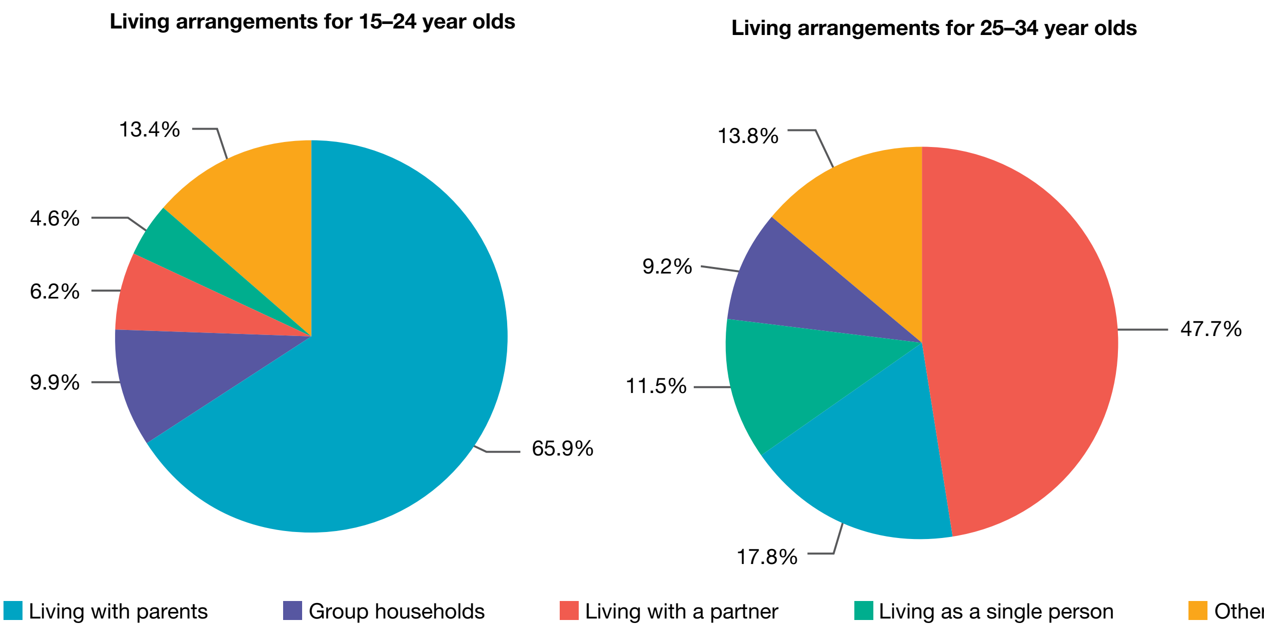
11.2 Moving from home

There are a number of factors related to independent living that need to be considered.

11.2.1 Reasons for leaving home and living independently

Most people will eventually leave the home they grew up in and find a place of their own. However, everyone is different. Some people leave home when they are very young, others wait until they are in their 30s and some people live with their family all their lives. The main reasons for people leaving home are to further their education, take up employment, establish an independent lifestyle or due to disagreements with their parents or carers.

Living arrangements for young people in Australia



Source: Data derived from ABS Household and Family Projections, Australia, 1996–2021.

11.2.2 Key issues facing young people in their moves to independent living

When leaving home there are many issues to consider. You need to ensure you have access to a regular income so you can finance the move, pay any bond and support yourself so you can afford ongoing payments such as rent, bills and **insurance**. You need to decide if you want to live alone or with others, and find a safe place that's in a convenient location for you. It's important to know what paperwork may be required, such as applying for a **Medicare card**, and you may need a plan to overcome any homesickness you may feel.

Moving out of home can give you a new sense of freedom.

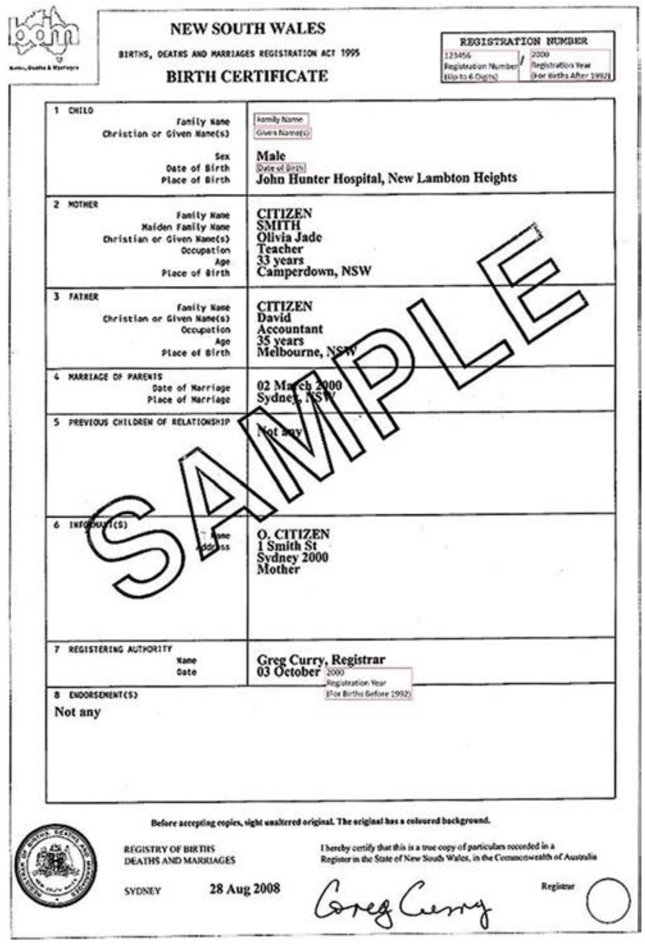
11.2.3 Applying for legal or medical identification

Birth certificate

In NSW a **birth certificate** is an official copy of your birth registration held by the NSW Registry of Births, Deaths and Marriages. Women who have given birth in NSW need to register their newborn with the Registry of Births, Deaths and Marriages. It is a legal requirement in NSW for parents to register their child's birth within 60 days – the hospital does not do this for them.

A birth certificate can be a useful document to help establish your identity. For example, your birth certificate can help you prove your identity when applying for a passport and a driver licence. Your parents may have a copy of your birth certificate. Alternatively, you may obtain a copy from the NSW Registry of Births, Deaths and Marriages.

To apply for a birth certificate, visit the **Service NSW** website.


NEW SOUTH WALES
BIRTHS, DEATHS AND MARRIAGES REGISTRATION ACT 1995
BIRTH CERTIFICATE
REGISTRATION NUMBER
123456 Registration Number (Up to 6 Digits) / 2000 Registration Year (For Births After 1992)

1 CHILD
Family Name: Family Name
Christian or Given Name(s): Given Name(s)
Sex: Male
Date of Birth: Date of Birth
Place of Birth: John Hunter Hospital, New Lambton Heights

2 MOTHER
Family Name: CITIZEN
Maiden Family Name: SMITH
Christian or Given Name(s): Olivia Jade
Occupation: Teacher
Age: 33 years
Place of Birth: Camperdown, NSW

3 FATHER
Family Name: CITIZEN
Christian or Given Name(s): David
Occupation: Accountant
Age: 35 years
Place of Birth: Melbourne, NSW

4 MARRIAGE OF PARENTS
Date of Marriage: 02 March 2000
Place of Marriage: Sydney, NSW

5 PREVIOUS CHILDREN OF RELATIONSHIP
Not any

6 INFORMANT(S)
Name / Address: O. CITIZEN, 1 Smith St, Sydney 2000, Mother

7 REGISTERING AUTHORITY
Name: Greg Curry, Registrar
Date: 03 October 2000 (Registration Year (For Births Before 1992))

8 ENDORSEMENT(S)
Not any

SAMPLE

Before accepting copies, sight unaltered original. The original has a coloured background.

REGISTRY OF BIRTHS DEATHS AND MARRIAGES
SYDNEY 28 Aug 2008
I hereby certify that this is a true copy of particulars recorded in a Register in the State of New South Wales, in the Commonwealth of Australia
Greg Curry
Registrar

Photo Identification (ID)

Photo identification can be very useful as you move towards independence. In NSW, people over the age of 16 years can obtain a Photo Card from the NSW Government, which shows your name, address, date of birth and your photo. The Photo Card is an alternative form of photo identification for people who do not hold a current NSW driver licence or any other form of photo identification, or who wish to have an additional form of photo ID.

Photo identification can be useful for a number of everyday services such as opening bank accounts, entering licensed premises or obtaining your boarding pass for a domestic flight at an airport. A Photo Card can be used everywhere that accepts a driver licence as photo ID. This means that people who do not have a driver licence are not placed at a disadvantage in this regard, as they are able to use their Photo Card for identification purposes instead.

To apply for a NSW Photo Card, visit the **Service NSW** website.

Medicare card

Looking after your own health is important as you move towards independence. You may need to see a doctor or get treated in a hospital. For a young person this can be very expensive and they may not be able to afford it. Medicare is the scheme that gives Australian residents access to health care. It is provided by the government, and enables you to access treatment by a doctor at no cost, or with a rebate of the expense. It also means Australian residents can have free medical treatment at a public hospital. If you are aged 15 years or older, you can apply for your own Medicare card. Children under 15 years are usually listed on the card of a parent or carer. Most taxpayers pay a **Medicare Levy** which funds the health care system. Currently the Medicare Levy is set at 2% of their taxable income.

If you are 15 years old or older you can get your own Medicare card by visiting the Australian Government's **Department of Human Services** website.

on Resources

Weblinks Service NSW – Birth certificate
Service NSW – NSW Photo Card
Department of Human Services – Medicare card

11.2.4 Support organisations

The organisations that provide support to young people who are not living at home come under three main classifications: government, religious and community.

Government organisations

- *The Department of Social Services.* A federal government department with the responsibility of developing and delivering programs to ensure a fair society for all Australians.
- *Centrelink*. This is the main federal government welfare agency. It provides specialist staff, including counsellors and social workers, who work with young people in greatest need.
- *The Department of Communities and Justice.* This is a NSW government department tasked with delivering services to disadvantaged families and individuals in NSW. They have special responsibility for protecting young people from risk of significant harm.

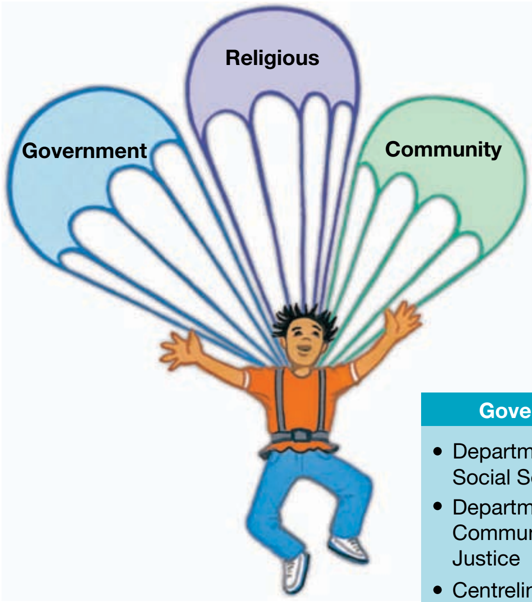
Religious organisations

Religious groups have created organisations to provide support for people. These organisations include Anglicare, St Vincent de Paul Society, Salvation Army, JewishCare NSW and Muslim Care Australia. The Salvation Army, for example, provides many welfare services including hostels for the homeless, counselling, drop-in-centres, drug and alcohol rehabilitation, health workers and recreation centres.

Community organisations

These include organisations such as youth **refuges** (which provide temporary accommodation to young people), community centres, community housing, youth drop-in centres, Kids Helpline and Lifeline. These organisations are usually funded by governments, private sponsorship and donations. They can be important for young people who may find themselves homeless.

When you are leaving home, these organisations may provide support.



Government	Religious	Community
• Department of Social Services	• Salvation Army	• Youth refuge
• Department of Communities and Justice	• Anglicare	• Community centre
• Centrelink	• St Vincent de Paul Society	• Lifeline
	• JewishCare NSW	• Community housing
	• Muslim Care Australia	• Drop-in centres
		• Kids Helpline

CASE STUDY

Youth Refuge case study: Tahlia's story

'My name is Tahlia and I am 17 years old. I have lived in five different refuges in my life and I can honestly say that Coast Shelter was the best for me. Some things were challenging to overcome, but the workers were 100% supportive and encouraging, which really helped me stay motivated. One thing I really enjoyed and appreciated was how it was not like a prison, but with appropriate restrictions of course. The workers treated us equally, made things fun, laughed with us and talked with us, making us have the feeling of security, trust, stability and faith that things will only get better.

During my stay I attended school every day and I received awards and merits for my efforts. The workers really praised me for keeping a sufficient routine both at school and at the Refuge. I intend on going to university and hope to complete a bachelor degree with courses in nursing, midwifery, social science, medical science and biochemistry. Thank you to the workers at Wyong Youth Refuge who helped me to gain my courage and independence to take such steps in life.'

Source: https://coastshelter.org.au/wyongyouth.html

11.2.5 Continuing to live at home to save for future purchases

Moving out of home can mean an increase in expenses, such as rent, and grocery bills, that you may not be able to afford. You may be able to avoid or minimise these expenses by continuing to live at home. For example, living at home and paying board (money) to your parents or carers could be cheaper than renting a place of your own. Youth pay rates, an **apprentice** wage, or receiving inconsistent hours at work may also make continuing to live at home a more affordable option. This could mean increasing your savings for future purchases, such as a car or a property.

on Resources

Digital document **Worksheet 11.2 Moving from home** (doc-32876)
Weblinks Department of Social Services
Centrelink

11.2 Activity: Research and communication

1. Use the **Department of Social Services** and the **Centrelink** weblinks in your Resources tab to create an informative poster that advises young people of the services these organisations provide.
2. Create a section for a youth website informing young people about the purpose of the following forms of identification and how to apply for one (include website links to the relevant government department):
   - a birth certificate
   - a NSW Photo Card
   - a Medicare card
3. Using the telephone book or the internet, create a directory of organisations that provide support for young people in your area. Include each organisation's name, phone number, address, email, and website details in your directory. Present this as either a database or spreadsheet.

11.2 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. List the main reasons young people decide to leave home.
2. Study the two pie chart graphs in section 11.2.1 and describe the changes in living arrangements that occur as people grow older.
3. List the issues that are involved in leaving home.
4. Name three types of organisations that provide support to young people who are not living at home. Give two examples of each and list their services.
5. Why do you think more young people remain at home for longer than in previous generations? Consider economic and social factors in your answer.
6. Discuss advantages and disadvantages of moving out of home.

Fully worked solutions and sample responses are available in your digital formats.

11.3 Arranging accommodation

There are a range of accommodation options available for people who are wanting to live independently. Each option needs to be evaluated, taking into account particular situations and needs. It is most likely that you will be involved in arranging a **lease**.

11.3.1 Types of accommodation available and their suitability for particular situations and needs

Types of accommodation

Before deciding to leave home, young people need to carefully consider the alternatives. It may be cheaper to live at home and there will be far fewer security concerns. Leaving home provides more independence, but it also carries more responsibilities. These include such basic tasks as housework and paying your own bills.

Options available when leaving home depend largely on financial and personal circumstances. Options include setting up your own apartment, moving into a share house, setting up your own share house or entering a university college. The most common choice is to set up an apartment and share it.

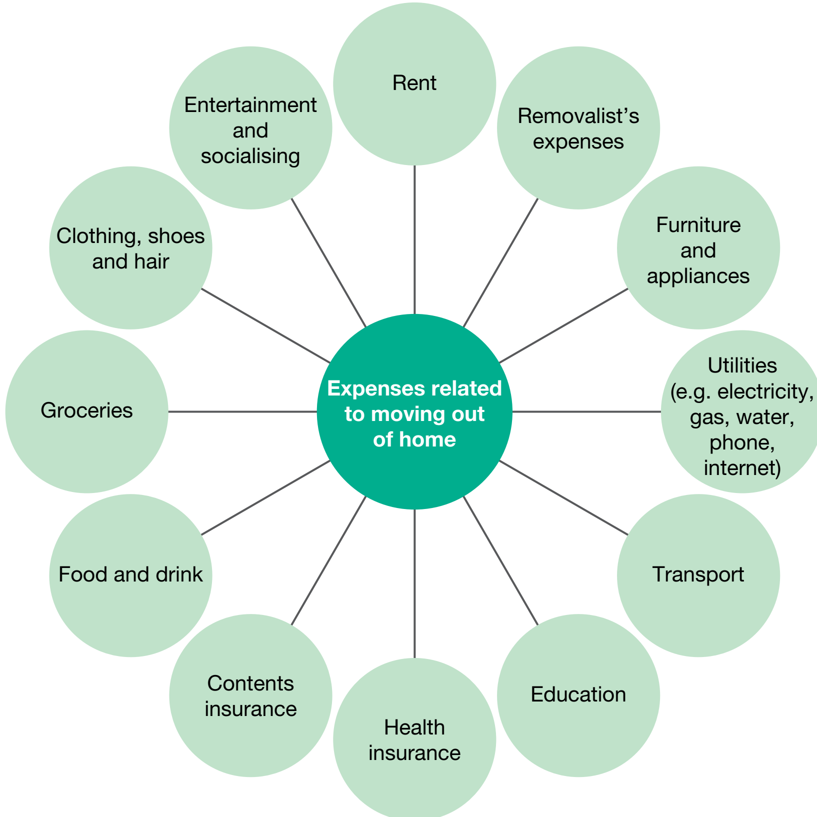
Finding the right place to live

Generally, houses and apartments that are available for renting (or sharing) are advertised in newspapers, on the internet, in real estate agents' windows and on community noticeboards. You should make a shortlist of all those that may meet your requirements and then conduct an inspection. When conducting this inspection, it is a good idea to draw up a checklist such as the one below. The accommodation you finally choose will be the one that meets your requirements and fits within the constraints of your budget.

Check these features	Yes / No / Not important
Can I get along with the other people?	
Is the rent within my budget?	
Are any furnishings provided?	
Is there a laundry?	
Will I have to pay for water?	
Does the bathroom or toilet leak?	
Are any repairs needed?	
Is the gas connected?	
Is the house/flat near shops and public transport?	
Is the water pressure strong or weak?	
Is the flat/house in good condition for its age?	
Is there a stove? Does everything work?	
Is there a TV aerial and connection?	
Any signs of mice, rats, cockroaches, white ants etc.?	
Is there a garage, carport or parking space?	
Do I need to do the mowing or gardening?	
Is a telephone and internet connection available?	
Are there double locks and security doors fitted?	

11.3.2 Calculation of the affordability of accommodation

Before you move out, create a **budget** to help you work out your income and expenses. A budget will help you maintain control over your finances. Consider your income and then calculate your expenses. You should consider saving some of your income to cover unexpected expenses, and for future major purchases such as a car and property.



Therefore, an important consideration when considering moving out of home is whether or not you can afford it, keeping in mind that finding accommodation and living away from your family home will result in a range of expenses, not just rent.

11.3 Activity: Research and communication

1. Copy the table below and interview your parent or guardian to help you fill in the information.

Utility	Supplier	Cost per week
Electricity		
Gas		
Water		
Phone		
Internet		

2. Visit a real estate website, such as **Domain** or **Realestate**. Make a list of ten premises that are available for rent in your area. Write a paragraph stating which one you would prefer and why.

on Resources

Weblinks Domain
Realestate

11.3 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. Describe some of the responsibilities related to independent living.
2. Describe the accommodation alternatives that are available for people when they leave home.
3. Make a copy of the checklist in section 11.3.1 and complete it by pretending that you are looking at the prospect of renting where you currently live.
4. (a) Identify what you should create before you move out of home.
   (b) List six expenses related to moving out of home.
5. Advertisements for accommodation often use abbreviations. Write down the following abbreviations in full. You may find these included in advertisements for accommodation.

rms	________________	cnr	________________
a/c	________________	cpbds	________________
exc	________________	grge	________________
adj	________________	mod	________________
br	________________	neg	________________
cl	________________	balc	________________

6. Match each of the following accommodation types with a situation listed below.

Accommodation type	Situation
Youth refuge	a. A young woman entering university having just completed the HSC
Renting a flat	b. A 14-year-old boy who runs away from a violent, abusive home
University college	c. A 30-year-old wealthy computer programmer who wishes to own her own home
Purchasing a house	d. A 22-year-old man who leaves home due to work commitments

Fully worked solutions and sample responses are available in your digital formats.

11.4 Accessing information available relating to arranging a lease

11.4.1 Tenancy rights and responsibilities

The main steps involved in renting a property are as follows.

1. Determine exactly what features you require in a property; for example, size and location. You then need to locate the available suitable properties using bulletin boards, real estate agents or websites such as **Realestate** and **Domain**.
2. Obtain a copy of the **residential tenancy agreement** from the agent. This is an agreement between the **landlord** and the **tenant** that outlines all the terms that both parties must follow. The landlord is the person who owns the premises being rented; the tenant is the person or persons who rent the property. Both have rights and responsibilities in relation to the renting of the property and these should be set out in the agreement.

3. Complete the **condition report**. This details the exact condition of the property when you move in. It is extremely important as any disputes regarding the state of the property when you leave can be related to the condition report. For example, worn carpet, paint chips and any broken/damaged fittings should all be recorded in the condition report. It is a good idea to take photos or videos of the premises when completing the condition report. An image can easily solve a dispute regarding the items listed.
4. You may be asked to pay a **reservation fee**. This is usually one week's rent that will reserve the premises for you while your application for tenancy is being considered.
5. Sign the lease after reading it and checking it thoroughly. A lease is a contract between two parties, usually regarding the renting of an asset such as a house, flat or motor vehicle.
6. Pay a rental **bond**, usually four weeks' rent. This money is lodged by the landlord at the Rental Bond Board, operated by NSW Fair Trading. It is used to cover the landlord for any damages or repair costs if you leave the property in an unsatisfactory condition, or if you break the terms of the agreement by failing to pay rent or give notice of vacating. However, most tenants have their bonds refunded when they move out of a property.
7. A tenant must pay the rent in advance from the first day of tenancy. Most landlords or their agents require two weeks' rent in advance.
8. The final step is to take possession of the premises. This involves obtaining the keys and moving in with your belongings. Taking photographs or videos of the state of premises inside and outside, prior to moving in, is a good idea. This means you have evidence of what the place looked like before you entered the property. Keep any photographs taken with your copy of the condition report.

11.4.2 New tenant checklist

At the start of every tenancy you should be given the following by the landlord or agent:

- a copy of the new tenant checklist
- a copy of your lease (tenancy agreement)
- 2 copies of the premises condition report
- a bond lodgement form for you to sign, so that it can be lodged with NSW Fair Trading
- keys to your new home.

The first thing you should do before you sign the lease is read it thoroughly. If there is anything in it which you don't understand, ask questions.

Remember, you are committing to a legally binding contract for which there is no **cooling-off** period. You will want to be certain you understand and agree to what you are signing.

At the start of every tenancy, the tenant must be given a copy of the new tenant checklist.

11.4.3 Signing the lease

Only when you can respond with a **Yes** to the following statements, should you sign the lease.

Statements	Yes/No
I have read the lease and I asked questions if there were things I didn't understand.	
I know the length of the lease (6 months, 12 months or some other period).	
I know that I must be offered at least one way to pay the rent which does not involve paying a fee to a third party.	
I know that any additional terms to the lease are negotiated before I sign.	
I have checked that all additional terms to the lease are legal; for example, the lease does not include a term requiring me to have the carpet professionally cleaned when I leave, unless I have agreed to that as part of a condition to allow me to keep a pet on the premises.	

CASE STUDY

Karen loses her bond

When Karen moved into her new apartment, she was given a condition report to fill in and give back to the real estate agent. She was really busy moving in and forgot about it. She eventually completed it, but rushed through it and did not fill it out in the detail required.

After a while she noticed that some of the bathroom tiles were broken, the carpet had stains on it and the living areas needed painting.

When Karen moved out, the real estate agent refused to give her the bond money back. The agent explained that the bond money would be used for the repair work on the bathroom tiles, cleaning costs for the carpet and to have several rooms painted.

Karen argued that these things were already like that when she moved in. The agent told her that there had been nothing written on the condition report about these problems. Consequently, she failed to have her bond returned and lost four weeks' rent.

11.4.4 Financial advice

A lease is a legal contract between a tenant and a landlord. Once it is signed, it is legally binding. If you do not understand any part of the contract, you should obtain financial advice before you sign it. You could obtain financial advice from the Tenants' Union of NSW which is a community legal centre specialising in NSW residential tenancies laws.

on Resources

Weblink Tenants' Union of NSW

11.4.5 Common rental problems

Common problems tenants face include the landlord failing to:

- carry out necessary repairs
- provide reasonable security such as working windows and door locks
- provide a key after changing the locks
- give sufficient notice of any rent increase or if the rent increase is to be excessive
- respect the tenants' privacy.

Solutions to these problems include:

- Notify your landlord/agent as soon as you become aware of a problem. Complain in person or on the phone and then follow up with a letter or email confirming what was said. If you would prefer, take someone along to act as a witness when you go to see the landlord/agent about the problem.
- Any follow-up letter or email should clearly outline the problem, what you want done and the history of your complaint. Always keep copies of all your correspondence.
- Keep a diary of your conversations with the landlord/agent/head tenant — who you spoke to and what they agreed to do.
- If all else fails, complain to the NSW Civil and Administrative Appeals Tribunal for an order to resolve the problem.

'Do nots' for tenants include:

- Do not stop paying rent — being 14 days behind in your rent is sufficient grounds for your landlord to give you notice to leave.
- Do not move out without giving the required notice — you may end up losing your bond and/or compensating the landlord.

11.4.6 Sharing accommodation

The main reasons people decide to live in share accommodation is to lower living costs, such as rent, and other bills, such as electricity. A further advantage is that as the costs are lower, you will be able to afford to live in a more expensive area than would otherwise be the case.

Tips for a harmonious share house

- Have everyone's name on the lease and on utilities accounts, such as gas, water, electricity and internet — whoever's name is on the account is legally responsible for the debt.
- To avoid disputes regarding the telephone or internet usage, use a mobile and your own wifi.
- Draw up a roster for chores such as cleaning.
- Pay a set amount each week into a **kitty**; from this, pay for basic groceries, electricity, internet, gas and so on. A kitty is a central fund to which everyone contributes and the money is used for particular expenses. Numerous apps such as 'Splitwise' have been developed that assist in this process.
- Draw up rules for any visitors; e.g. no noisy parties.
- Don't keep problems to yourself. Your flatmate may have no idea that their breakfast of sausages and eggs every morning makes you feel sick.

You must remember that you have little legal recourse against a flatmate who has refused to pay their share of the rent or any other bills. This is because many of the agreements are verbal. If the situation deteriorates, usually one of you will need to move out.

CASE STUDY

Fooled by a flatmate

Holly and Aliya were both excited when they were accepted to the same university. They had been friends for a long time and the idea of sharing the next phase of their lives felt perfect. However, finding a place to live was harder than they thought. When a three-bedroom flat became available, they jumped at the opportunity, even though it was a bit out of their price range. Their families were excited for them and helped make the flat a home by giving them second-hand furniture and appliances.

Holly and Aliya didn't want to put a strain on their relationship, so they kept a joint kitty for all their bills and divided the cleaning and cooking responsibilities. They also converted the smallest of the bedrooms into a guest bedroom/study. They were able to make ends meet, but they wished they knew a third person who could help with the rent.

A few months later, at a party, they met Sarah. They all had a lot in common and had a great night. When Sarah described how she didn't like her current flatmates, Holly and Aliya both acted on impulse and invited Sarah to move in to their flat. She could live in the guest bedroom and wouldn't need to bring anything at all. They were all really excited when Sarah moved in the next week.

However, it was not long before things started to change. Sarah was often late with the rent and for some reason the kitty was always empty. She was not keen on cooking or cleaning and always forgot to put the rubbish out when it was her turn. To top it off, she often partied late at night, waking up the others when she came home. Holly and Aliya tried to talk to Sarah about their concerns, but it always ended in arguments and with Sarah telling them to lighten up.

Just before the holidays, Holly and Aliya had planned to tell Sarah to find a new place to stay. However, to their surprise, Sarah brought up the issue first. She apologised for not having been a good flatmate and said that she had found another place to live and would be moving while Holly and Aliya were visiting their families. She also promised to repay the money she owed them as soon as she got her next pay cheque. They all hugged and promised to keep in touch.

When Holly and Aliya came back from their holiday and opened the door, they were horrified to find the aftermath of a huge party! In shock, they realised that Sarah had not only moved out, but had trashed the house before doing so. In despair they looked at the ripped and dirty carpet in the lounge room, the broken tiles in the bathroom and the big dent in the kitchen sink. They tried to call Sarah but she had changed her number. Holly and Aliya realised that not only would they never see the money Sarah had promised to repay, but also that Sarah's name had never been put on the lease and, as such, they were the ones who were legally responsible for the damage.

on Resources

Digital documents Worksheet 11.3 Renter's checklist (doc-32744)

Worksheet 11.4 Residential tenancy — internet research (doc-32745)

11.4 Activity: Research and communication

1. Assume you are a real estate agent and you are renting out your home to your parents or carers. Complete a condition report from the real estate agent's point of view. Ask your parents or carers to check the condition report from the tenant's point of view. Download a copy of a condition report from the **NSW Fair Trading** website.
2. Visit the **Tenants NSW** website and use the 'Rent Tracker Postcode' tool to discover the average rents for different-sized dwellings in the area where you live. Compare this with neighbouring suburbs.
3. Create an advertisement where you inform people you have a room for rent. Include all the relevant information, including the type of person for whom the accommodation would be most suitable.

4. Read the case study 'Fooled by a flatmate'. Working in small groups, answer the following questions.
   (a) What rules were set for the operation of the flat?
   (b) Draw up a roster for task sharing in the unit. Allocate jobs fairly by entering Holly, Aliya, Sarah or All in an appropriate cell.

Task	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Make breakfast							
Make lunch							
Cook dinner							
Wash up							
Take out garbage							
Clean kitchen and mop floor							
Shop for groceries							
Vacuum and dust							
Clean toilet/bathroom							

   (c) Holly is given overtime on Tuesdays and Sundays. She cannot do any domestic jobs on these days. Rewrite the roster to accommodate her.
   (d) Discuss some of the possible actions Holly and Aliya could take to retrieve their money from Sarah.

on Resources

Weblinks NSW Fair Trading – Condition report
Tenants NSW Rent Tracker Postcode Tool

11.4 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. Describe the eight steps involved in renting a property.
2. What is a bond?
3. Describe the difference between a *tenant* and a *landlord*.
4. What is a condition report? Why should care be taken when filling this out?
5. Refer to the new tenant checklist in section 11.4.2.
   (a) State three things you should receive at the start of a tenancy.
   (b) How long is the 'cooling-off period' after signing a lease?
   (c) List three things you need to be able to say 'YES' to before signing a lease.
6. Describe four common problems that tenants face.
7. Despite difficulties that may occur with a landlord, why should you never stop paying rent?
8. What is the last resort for a tenant who is having a problem with a landlord?
9. Read the case study 'Karen loses her bond' in section 11.4.2 and outline how she could have avoided the problem.
10. Read section 11.4.6 on share accommodation advice and answer the following.
   (a) State two advantages of moving into share accommodation.
   (b) Describe four pieces of advice for someone moving into share accommodation.
   (c) Why is it often difficult to take legal action against a flatmate who has refused to pay some of their debts?
11. Study the cartoon in section 11.4.6 and explain how this situation could have been avoided.

Fully worked solutions and sample responses are available in your digital formats.

11.5 Managing finances

Managing your finances responsibly when living independently is important in order to minimise financial problems. Construction of a household budget, knowing your tax obligations, understanding your superannuation contributions, and taking out insurance are important considerations in this area.

11.5.1 Major costs involved in independent living

When moving into an apartment or house, there are two types of costs:

- **Establishment costs**. These are one-off costs that are involved in setting up your new place. Typical establishment costs include the rental bond, internet connection, essential whitegoods such as a refrigerator and washing machine, and furniture.
- **Ongoing costs**. These are costs that are recurring. Typical ongoing costs include rent, electricity, gas, water, telephone, groceries and travel expenses.

11.5.2 Strategies to minimise financial problems

Monitoring spending

Earning money and being able to spend it can be exciting. It can be easy to spend too much during a shopping trip, on a night out with friends or when hosting a party. A few days before their next payday, a person in this situation may find themselves asking where all their money went. Monitoring our spending is an important money management skill. We need to spend our income wisely and ask questions such as 'do I really need it?' and 'can I afford it?' before we buy. It is important to remember that some of the money we earn will be needed for expenses such as rent and bills. We should also be saving some of the money we earn.

One way to monitor spending is to avoid impulse buying. Impulse buying is buying something without giving much thought as to whether the purchase is really necessary. For example, we may be tempted into impulse purchases when we see something on sale, or we may make impulse purchases at the checkout, where retailers tend to place their lower-priced items.

Superannuation

Superannuation is a compulsory savings scheme where your employer contributes part of your wage or salary, currently 9.50 per cent, into a special type of investment account known as a superannuation fund. These funds are then invested to increase their value before they are paid to you when you retire.

Superannuation is important for you because the more superannuation you build up during your working life, the higher your standard of living will be in retirement. While the government age pension is available for people who retire, superannuation gives you an opportunity to have a higher income in retirement compared to the government age pension.

When you are working it is important that you check that your employer is paying superannuation for you by checking your payslip. It does not matter whether you work full time, part time or casual.

CASE STUDY

Superannuation — Maria's Story

Maria had recently left school and was employed as a waitress at a local restaurant. She enjoyed the job and it was helping her save for an overseas holiday. She checked her bank account regularly and saw that her employer was paying her wages. Maria thought everything was okay until she received her end-of-year statement from her superannuation fund. She noticed that her employer was not paying her superannuation — that is, 9.50 per cent of her wage.

Maria approached her boss about this but he would not answer her questions about superannuation, telling her to check her bank account where she would see money that he had paid her.

Maria called the Australian Taxation Office (ATO) who told her she was entitled to be paid superannuation and that she should have seen an amount of $4000.00 on her end-of-year statement from her superannuation fund.

The ATO contacted Maria's employer and ensured that Maria's missing superannuation was paid, and that her employer would pay her superannuation into the future.

Minimising financial problems when living with other people

Strategies that can be used to minimise financial problems when living with other people include:

- Each person in the house/flat pays a set amount into a central fund called a kitty. This is then used to pay the bills associated with the whole group; for example, food, rent, gas and electricity.
- The internet and telephone can be a problem. Either use your own mobile phone and mobile data or negotiate with your flatmates to setup a fixed cost modem with unlimited internet that everyone can use (and pay for).
- A set of rules is drawn up. These would cover things such as a roster for cooking and cleaning. However, it should also cover what happens if the electricity and gas bills are higher than the amount available in the kitty.
- Everyone should have a budget. This includes people sharing a house, someone living alone or a married couple. This will ensure that they are able to meet any expenses as they occur. Each person should also try saving money for a personal goal such as a holiday, a new car, a house or to invest for retirement.

11.5.3 Constructing a household budget

A budget is a list of planned income and expenditure for some future period. It helps people to manage their finances successfully. Business adviser John C. Maxwell states that 'a budget is telling your money where to go instead of wondering where it went'. A simple household budget shows the expected income, the main expenses and the remaining funds, if any, that can be saved each month.

Expenses can be classified into **fixed expenses** and **variable expenses**. Fixed expenses are the same amount every time, such as rent, or paying a minimum charge of $40 per month for your mobile phone. Variable expenses change over time. These do not occur on a regular basis. For example, you may go to a music concert this month to hear your favourite singer and buy a computer game next month.

Which of these are ongoing costs?

The following table is the household budget of Maria Portelini, an accountant who lives alone in a rented unit. She has prepared this using her past experience and adding a little for inflation (an increase in the general level of prices). Some expenses, such as car registration, occur only once a year and some bills arrive each quarter. Others, such as rent and food, occur monthly or weekly.

Maria lists all her fixed and variable expenses and also her expected income. She then totals her expenses and subtracts this from her total income. This gives the amount saved each month. This amount is added to the previous month's savings to give a 'running total' of the amount that Maria can save over the year if she has calculated her expenses realistically. There are some months when Maria anticipates that her spending will exceed her income and she will need to dip into her savings to cover the monthly costs.

Household budget — Maria Portelini

Type of expense	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Rent	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200	$ 1200
Food	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Electricity			$ 100			$ 100			$ 160			$ 100
Gas			$ 40			$ 40			$ 60			$ 40
Telephone/mobile			$ 100			$ 100			$ 100			$ 100
Car registration											$ 500	
Car insurance				$ 400								
Hospital/ medical						$ 300						$ 300
Internet	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50	$ 50
Car petrol/ repairs	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250
Credit cards	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 300
Other expenses	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200
Total expenses	**$ 2100**	**$ 2100**	**$ 2340**	**$ 2500**	**$ 2100**	**$ 2640**	**$ 2100**	**$ 2100**	**$ 2420**	**$ 2100**	**$ 2600**	**$ 2840**
Income												
Salary	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500	$ 2500
Saved per month	$ 400	$ 400	$ 160	$ 0	$ 400	$ –140	$ 400	$ 400	$ 80	$ 400	$ –100	$ –340
Cumulative total saved	**$ 400**	**$ 800**	**$ 960**	**$ 960**	**$ 1360**	**$ 1220**	**$ 1620**	**$ 2020**	**$ 2100**	**$ 2500**	**$ 2400**	**$ 2060**

11.5.4 Tax obligations

Applying for a tax file number

When you are earning money, you will need to pay tax to the government. To follow Australia's tax laws, the first thing you should do is get a **tax file number** (TFN). A TFN is a unique personal reference number the Australian Taxation Office (ATO) gives to you so they can identify you and enforce Australia's taxation laws.

You will use the same TFN throughout your life and you should not let anyone else see your TFN. This is because if someone else accesses your TFN, they can use this aspect of your identity to commit crimes or cause other identity theft-related problems.

You will need your TFN when you get a job. If you start work before you have a TFN, you have 28 days to get one and give it to your employer. If you do not have a TFN, your employer will take more tax out of your pay, which means you will be paid less money each week until you complete your tax return at the end of the financial year.

To apply for a TFN visit the **Australian Taxation Office** website, or go to an Australia Post shop or **Centrelink** service centre.

Completing a tax return

Earning an income means you will need to pay income tax to the government. The government collects income tax on a pay-as-you-go (PAYG) basis. This means that when you are working and earning an income your employer will deduct the tax from your pay and send it to the Australian Taxation Office. Income on which tax is paid is called 'assessable income'. Not all money received by an individual is considered to be assessable income. Examples of non-assessable income are pocket money, inheritances and lottery or prize winnings.

The amount of taxation you will pay depends on the amount of income earned in a financial year. In Australia we have a **progressive tax system**, which means that as your income increases, the tax rate will also increase. Refer to the 'Resident tax rates 2019–20' table below.

Resident tax rates 2019–20

Taxable income	Tax on this income
0 – $18 200	Nil
$18 201 – $37 000	19c for each $1 over $18 200
$37 001 – $90 000	$3 572 plus 32.5c for each $1 over $37 000
$90 001 – $180 000	$20 797 plus 37c for each $1 over $90 000
$180 001 and over	$54 097 plus 45c for each $1 over $180 000

Source: https://www.ato.gov.au/Rates/Individual-income-tax-rates/
*The above rates do not include the Medicare levy of 2%.

The Australian financial year is 1 July to 30 June, and at the end of each financial year you must fill in a tax return and send it to the Australian Taxation Office. This has to be done before 31 October. On the tax return you must show all the income you have received in the last financial year. This includes income from all sources, not only work. For example, you may have received some interest from a bank account. This is income you must declare on your tax return.

Your taxable income is the total of your assessable income reduced by the amount of any allowable **deductions**. Allowable deductions are expenses incurred in gaining your assessable income, such as protective clothing, self-education expenses and the use of your personal computer for work. It is important when claiming a work-related deduction that you spent the money yourself, and that your employer did not reimburse you. Any deductions made will reduce the amount of tax you have to pay, because the deductions will reduce your assessable income. If you plan to claim any deductions, make sure you keep records of all the expenses, so you have evidence to prove that you actually spent the money on the expenses you are claiming.

11.5 Activity: Research and communication

Visit the **Australian Taxation Office** website and go to the Tax File Number section.

Create an infographic or fact sheet aimed to inform young people about the following:

- What a tax file number is and why you need one
- How to obtain a tax file number
- What to do if your Tax File Number is lost or stolen

Include a title for your infographic fact sheet.

on Resources

Weblink Australian Taxation Office

Digital documents Worksheet 11.5 Interpret and analyse an annual budget of David Martinello (doc-32746)
Worksheet 11.6 Interpreting tables (doc-32747)

11.5 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. Describe the difference between *establishment costs* and *ongoing costs*.
2. Outline four strategies that can be used to overcome problems when sharing a house or flat.
3. Define the term 'budget'.
4. The following table is incorrect. Copy it and correct the entries so that each cost is in the correct column.

Establishment costs	Ongoing costs
bond	refrigerator
bed	electricity
rent	groceries
mobile phone bill	television
petrol for car	table

5. (a) Explain why it is important to monitor your spending.
   (b) Recommend two ways that you could monitor your spending.
6. Read 'Superannuation Case Study – Maria's Story' and then answer the following questions:
   (a) Define 'superannuation'.
   (b) Explain why superannuation is important for people who are working.
   (c) Outline the problem Maria experienced at her workplace.
   (d) Explain how the Australian Taxation Office helped Maria to solve the problem.
7. Examine the budget of Maria Portelini, section 11.5.3, and answer the following.
   (a) Classify each of the expenses (except 'other expenses') as either fixed expenses or variable expenses.
   (b) Describe how Maria calculates the amount that she has saved each month.
   (c) Why do you think she has allowed more for electricity and gas for the third quarter of the year?
   (d) Explain why a negative amount is shown in the 'saved per month' row for June, November and December. What effect does this have on Maria's total savings?
   (e) Maria has forgotten to enter the home contents insurance in the budget which she expects to cost approximately $400 for the year. In which months should she avoid this payment falling, if she has any choice?
8. Complete the annual budget of Sarah Packham using the information below. Use a table similar to that for Maria Portelini. Sarah prepares her annual budget using her past experience and adding a little to account for inflation.
   Estimated monthly salary is $4000.
   Expenses
   Rent: $1600 per month
   Water rates: $150 in March, June, September and December
   Food: $400 per month
   Electricity: $80 March, $100 June, $140 September, $80 December
   Gas: $60 March, $80 June, $100 September, $60 December
   Mobile phone: $100 March, $90 June, $90 September, $100 December
   Car registration: $500 in November
   Health insurance: $600 in June and December
   Car — petrol and repairs: $400 per month
   Car insurance: $350 in April
   Home contents insurance: $400 in June
   Credit cards: $150 per month
   Internet: $50 per month
   Other living expenses: $150 per month

9. Use the table 'Resident tax rates 2019–20' to calculate the tax payable in the following situations:
   (a) John is 17 years old and works part-time at 'Just Games'. He earned a total of $9000 in the last financial year.
   (b) Jenny is 18 years old and works as casual waitress at a restaurant. She earned $20 000 in the last financial year.
   (c) Mark works for an international company. He earned $220 000 in the last financial year.
   (d) In each of the situations above, who collects the tax that is paid and what is it used for?

Fully worked solutions and sample responses are available in your digital formats.

11.6 Managing finances — insurance options

11.6.1 Paying for peace of mind

Insurance is the means by which people gain financial protection against unexpected events. People pay an annual or monthly amount (a **premium**) to an insurance company and the insurance company pays out a sum to cover losses or costs if an unexpected event occurs.

The company that arranges and provides the insurance cover is called the **insurer**. The person or group that pays the premium and is covered by the insurance is the **insured**.

11.6.2 Insurance as a contract

When an individual enters into an insurance contract with an insurance company, the following steps and documents are involved in the application and claims processes.

1. A person seeking insurance obtains *quotes* from a range of insurance companies and compares the features of the cover that each company offers and the premiums charged.
2. The *proposal* is the form you must fill out when you have selected from the quotes and are applying to a company for insurance. Both the insurer and the insured must act in the utmost good faith in disclosing all relevant details about the contract and the person or property being insured. Any errors or false statements could affect the validity of the policy and any future claims.
3. The *policy* is issued by the insurance company when it accepts the proposal. It contains all the information regarding the contract, such as **inclusions** (the items or events covered) and **exclusions** (the items or events not covered).
4. The *renewal notice* is sent to you each year informing you that your insurance policy is about to expire. If you wish to continue to receive cover, you must pay a further premium.
5. A *claim form* must be completed and submitted to the insurance company if the event against which you are insured has occurred and you wish to receive the compensation to which you are entitled.

11.6.3 Types of insurance

Since insurance is a competitive industry, there are often wide variations in cover provided and premiums applied. A wise consumer will shop around when choosing between insurers. Some of the different types of insurance are as follows.

Household insurance

- Home insurance — covers a home against damage and destruction to the building from various causes, such as storms, fire or accidental explosions. It is very important that the inclusions and exclusions are very carefully noted; for example, some policies will not cover flood damage.

- Home contents insurance — provides compensation if your home's contents (such as furniture) are damaged or stolen.

Personal insurance

- Life insurance — the most common form of life insurance is term insurance. This policy covers a person for a set time. If the person dies within this time span, the insurance company will pay a specified amount to the next of kin or other nominated person.
- Sickness and accident insurance — usually taken out by self-employed people who are not covered by workers' compensation and do not receive pay for sick leave. It provides cover if a person cannot work and receive their normal income.
- Health insurance — as covered earlier in this topic, in Australia, everyone is covered for basic medical costs by a government health insurance scheme called Medicare. However, if people wish, they may take out additional private health insurance cover to provide special benefits, such as orthodontic expenses.

Motor vehicle insurance

- Compulsory third party — protects drivers of motor vehicles from the high costs of compensation involved if they kill or injure someone in an accident. This insurance is compulsory and is obtained at the time of registering your vehicle by purchasing a 'green slip' from an insurance company.
- Third party property damage — a form of motor vehicle insurance that covers the cost of damage caused by a driver with regards to property owned by other people (for example, other motor vehicles, homes of other people, fences, traffic signals).
- Comprehensive motor vehicle insurance — this type of insurance covers the costs of repairs or sometimes the replacement of your vehicle and any other vehicles involved in an accident.

Other types of insurance

- Workers' compensation — a compulsory form of insurance for all employers to provide money for any employees injured at work.
- Public liability — covers firms for the high costs incurred if they are sued by members of the public who suffered injury or property damage as a result of their business.
- Marine insurance — this insurance covers boats and ships for accidents or damage.
- Pluvius insurance — provides protection against loss of takings due to rain. Functions such as outdoor sporting events and concerts are usually covered by this type of insurance.
- Pet insurance — helps to cover the cost if your animal gets sick and needs to see a veterinarian.

on Resources

Digital document Worksheet 11.7 Safety first (doc-32748)

Weblink Insurance companies

11.6 Activity: Research and communication

1. You are 18 and have just left school. You wish to take out private health insurance. Research your options on the sites of Medibank Private, HCF and nib. Prepare a 30-second elevator pitch explaining your choice and the reasons behind it.
2. Imagine you own a recent model Toyota Corolla. Use the **Insurance companies** weblinks in the Resources tab to research insurance premiums for both the greenslip and comprehensive insurance for this vehicle, for a driver under 25 years of age living in your area.
3. Access the **Money Smart Rookie – Moving Out** weblink and watch the video. Outline tips and advice for young people wanting to move out of home and the errors to avoid.

Resources

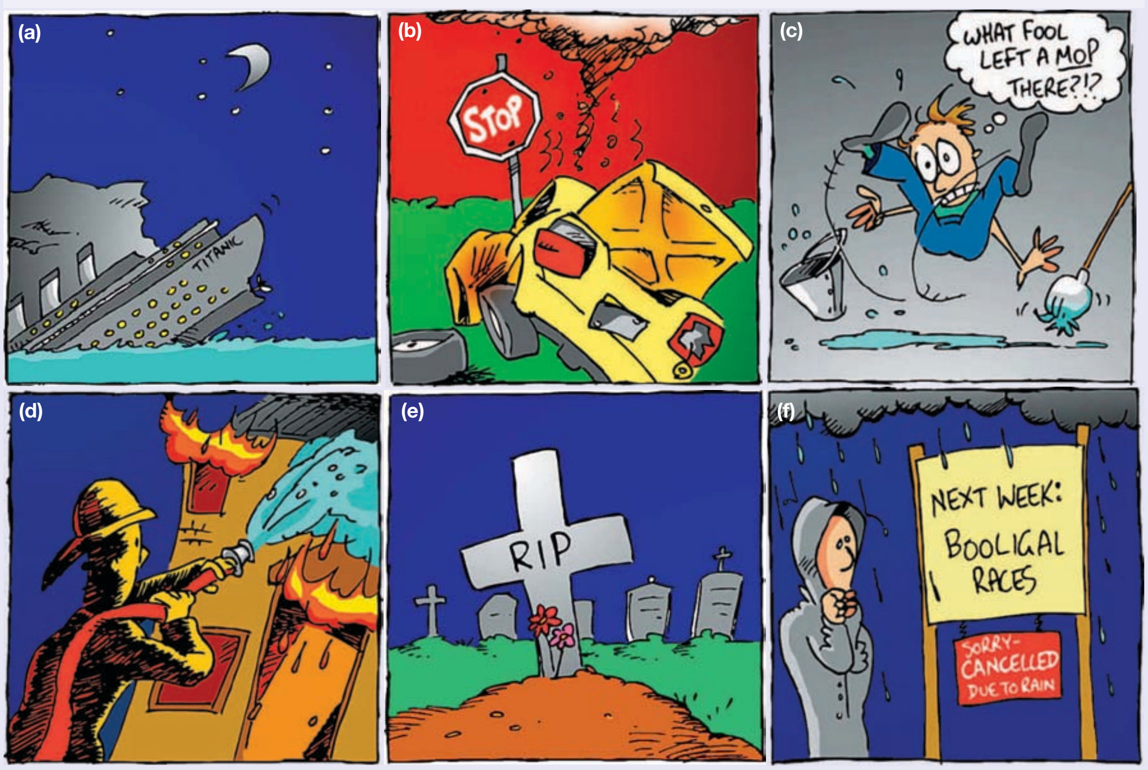
Weblink MoneySmart Rookie — Moving Out

11.6 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. Unscramble the following words and write a sentence that explains their meaning.
   (a) usderin
   (b) merpumi
   (c) ooaprpls
   (d) rrnsieu
   (e) lmaic romf
   (f) somttu dgoo tfhia
   (g) iolpyc
   (h) eeawlnr eciton
   (i) ssnoiulcni
   (j) xlceunoiss
2. Define the term *insurance*.
3. Explain the difference between *home* and *home contents* insurance.
4. Describe the difference between *compulsory third party, third party property* and *comprehensive motor vehicle* insurance.
5. Which insurance is compulsory for all employers?
6. What insurance is obtained when purchasing a green slip?
7. Match up the following insurance types to the appropriate cartoon below: pluvius, marine, public liability, term life insurance, home insurance, comprehensive motor vehicle.

Which insurance is necessary in these situations?



8. Which of the following would have the higher insurance premium? Explain the reasons for your answer.
   (a) a smoker or non-smoker
   (b) a racing car driver or office worker
   (c) a person whose father died of heart attack or a person with both parents living past 80
   (d) a Rolls Royce or a small imported car from Korea
9. Construct a flowchart that illustrates the process involved in obtaining insurance.

Fully worked solutions and sample responses are available in your digital formats.

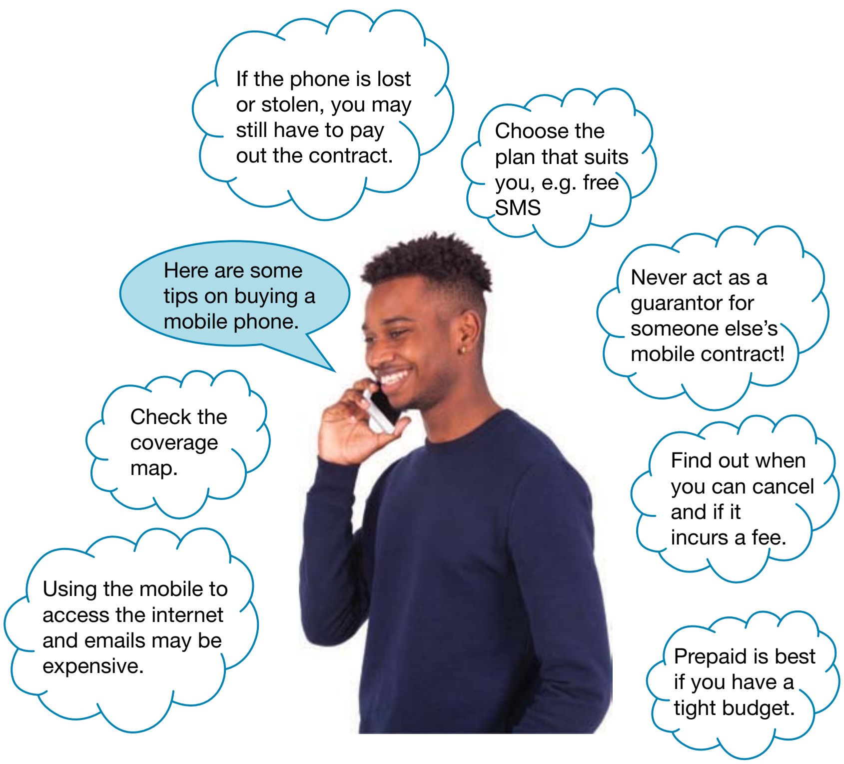
11.7 Major purchases

11.7.1 Buying a mobile phone

One of the first major purchases that a young person will make is to purchase their mobile phone. Basically they have two options:

- Fixed-term contract — this usually requires you to pay a minimum amount each month for between 18 months to 2 years. This 'minimum monthly payment' is the mobile phone service provider's way of getting you to pay for the mobile phone handset. Generally, mobile phones on fixed-term contracts provide slightly lower call costs than pre-paid phones. They also often provide a range of benefits, including music or video streaming, unlimited texts and a set amount of GBs.
- Pre-paid mobile phone account — a pre-paid mobile phone account allows you to pay solely for the calls you make. In other words, there is neither a minimum monthly charge nor any fixed-term contract. You simply pay money to the mobile phone service provider for an allocated phone number, and to have your phone account activated and credited with a prescribed amount of call credits and data download limit. You can also buy data credits so that you can access the services and apps on the phone or use it as a hotspot for your computer. You then top up your account as you use your phone and run down the call credits. However, you must initially pay for a phone.

Tips and advice for buying a mobile phone



11.7.2 Buying a car

Buying a motor vehicle is usually the second largest purchase a person makes during their life (with the largest being the purchase of a home).

The use of a motor vehicle in many parts of Australia is virtually essential, particularly in some country areas and newer suburbs where public transport services are not fully developed.

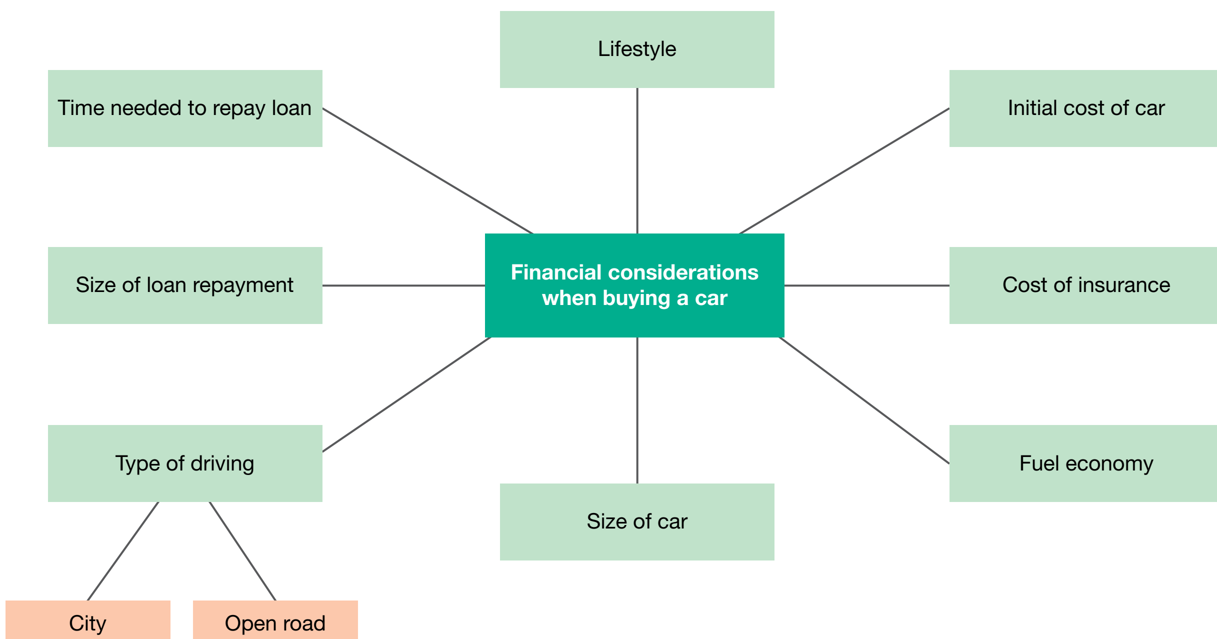
The ownership of a car involves two types of costs:

- initial costs which include stamp duty and dealer delivery charges
- recurring costs which include insurance, registration, servicing (oil, tune-ups), replacing worn components (tyres, batteries) and fuel.

When buying a car, you should first determine your needs with regard to your finances.

To pay for your new vehicle, you can either use cash or take out a loan. Whichever you decide, you must ensure that you have the finance available prior to starting the purchase process. If you decide to take out a loan, check the interest rates charged by different banks, credit unions, finance companies and other lenders. Most car dealers also offer to arrange finance. As car dealers receive a commission from the finance company on each loan that they arrange, the repayment amount may be higher. It is advisable to shop around and check all the facts for each loan option.

Financial considerations when buying a car



COMFACT

Manufacturing of cars began in Australia in 1948 when General Motors launched the FX Holden. Over the years, many firms operated in Australia, including General Motors, Ford, Toyota, Nissan and Mitsubishi. The last locally produced car occurred in November 2017 when the last Holden Commodore rolled off the production line.

All new cars sold in Australia have now been imported. Popular makes include Toyota and Hyundai.

When buying a vehicle, your options include a new car from a dealer, a used car from a dealer, or a used car from a private seller.

Buying a used car from a licensed car dealer can be more expensive than buying privately, but it offers more protection. Licensed dealers are regulated by the law and must give certain guarantees that do not apply to private sellers. These guarantees include:

- A guarantee of clear title on the vehicle. This means that ownership of the car will be passed on to you in the sale and the car cannot be repossessed because of someone else's debt. An individual can check this information at the national Personal Property Securities Register (www.ppsr.gov.au).
- Under the Motor Dealers Act, dealers must give a **warranty** (this is a promise to repair any defects) on most cars sold. This varies with the age and the condition of the car when sold, but basically:
  - new cars must have any defects fixed that occur in the first 12 months, or the first 20 000 kilometres driven
  - second-hand vehicles that have been driven for less than 160 000 kilometres and are less than ten years old must have defects fixed that occur in the first three months, or 5000 kilometres, whichever comes first.

Beware of the less reputable car dealers who might try 'every trick in the book' in an effort to make a sale. Some simple rules that all buyers should follow are:

- Set a maximum price and don't go above it.
- Remember to bargain as you could save thousands of dollars.
- Budget for both the initial and recurring costs.
- Obtain an insurance quote and make sure you can afford it as some vehicles incur higher insurance premiums than others, particularly for young drivers.
- Check when the registration runs out.
- Be sure to have a full car inspection carried out by your automobile club, such as the NRMA, before you buy it.
- Obtain a PPSR (Personal Property Securities Register) certificate to ensure the vehicle is not carrying debt from a previous owner.
- Do not sign anything unless you are absolutely sure you want to buy the car.
- When picking up a car after paying for it, ensure that it has the same tyres, battery, toolkit and other fittings as when you inspected it. Some dealers have been known to replace new tyres with old ones prior to giving you the car.

11.7 Activities: Research and communication

1. In groups, prepare a presentation to the class informing teenagers about the purchase of a mobile phone. In your presentation include information about:
   - the different ways that teenagers use mobile phones
   - the advantages and disadvantages of a fixed-term contract and a pre-paid mobile phone account
   - the importance of shopping around and comparing, including two examples of a current mobile phone deal for teenagers from two telecommunication companies who are competitors
   - what to do if a teenager has a complaint about a mobile phone they have purchased, including the role of the Telecommunications Industry Ombudsman.
2. List three pieces of advice that you would give to someone who is thinking about purchasing a mobile phone.

on Resources

Weblink Telecommunications Industry Ombudsman

11.7 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. identify two options you have when purchasing a mobile phone.
2. Draw up a table to list the advantages and disadvantages of pre-paid mobile phones over signing a fixed-term contract.
3. Name the two largest purchases that most people make in their lifetime.
4. What is a warranty?
5. List the initial costs incurred when purchasing a motor vehicle.
6. Define the term 'recurring costs'. When operating a motor vehicle, what do they include?
7. Outline the financial considerations that need to be thought about when buying a car.
8. Explain the advantages of buying a used car from a dealer.
9. Four car advertisements are shown below. Which vehicle would suit each of the following?
   - A family of five people wishing to own a medium-sized vehicle
   - A university student
   - A person who wishes to use the vehicle for off-road four-wheel driving
   - A builder

Common advertisements as used by car dealers

BUILT TOUGH

This beaut ute comes complete with fold-down builder's rack, dual airbags, air-conditioning and power steering. 48 000 km on the clock — a steal at $24 000!

PRICED TO SELL

Low mileage, great fuel-efficiency and plenty of features make this the perfect run-around car for those on a budget. Air-con, power steering and Bluetooth — and reduced to only $7990.

ROOM FOR THE KIDS

This stylish family car has only travelled 34 000 km and features anti-lock brakes, power windows, Bluetooth and loads more extras. Don't miss it — for only $41 000, it won't last long.

GET AWAY FROM IT ALL

Get off the beaten track in this automatic four-wheel drive — comes with cruise control, power steering and towbar. Yours for only $34 000!

10. Why do some young people get into financial difficulties because of their mobile phone usage?

Fully worked solutions and sample responses are available in your digital formats.

11.8 Options available for the purchase of major items

11.8.1 Cash or credit

There are two ways of purchasing goods and services: using cash or credit.

Payment by cash

The advantages of using cash are that you instantly receive the good, avoid debt and can possibly negotiate a discount. However, it has disadvantages such as having to wait until you have saved sufficient funds to purchase the good and the inconvenience of carrying large sums of money.

There are three ways of paying with cash:

- using notes and coins
- with a **debit card** from a bank such as Commonwealth Bank or Westpac. These cards allow you to buy goods by electronically transferring the money out of your bank account and into the store's account. This is commonly called EFTPOS (**e**lectronic **f**unds **t**ransfer at **p**oint **o**f **s**ale). Some stores, such as supermarkets or service stations, also allow you to withdraw extra cash from your account at the same time as paying for the goods
- by cheque — although very few firms will accept a cheque unless some prior arrangement has been made
- through the internet, by making a direct transfer from your account to the firm's. You can also use third-party bill paying services such as BPAY to do this.

The lender and borrower must follow the correct procedures and check all loan contract documents carefully before signing a motor vehicle contract. Once this is done the keys can be handed over and the buyer can drive away in their new car.

Payment by credit

When you buy goods and pay for them later, it is known as credit. There are four methods of buying goods on credit. They are:

- credit sales contract — where the retailer provides you with the credit and the goods and you pay for them at a monthly rate, plus interest
- loan contract — you take out a personal loan from a financial organisation such as a bank or building society and then use these funds to buy the goods. This is the preferred method to make large purchases, such as a car. Sometimes when you take out a loan, you **mortgage** the goods being purchased. This means that if you fail to make all your repayments, the mortgagee will repossess the goods and sell them. The loan may have various features such as fixed or flexible interest rates, a non-repayment term or the facility to make an online application.
- continuing credit contract — using a credit card such as Visa or MasterCard. There are many different types of cards, all with different features. Typical features include a low annual fee, low interest rate, interest-free days, access to automatic teller machines (ATMs) worldwide and a rewards program, such as earning points that can be exchanged for goods or services.
- lay-by — you pay a deposit for a good and then make regular repayments for a set time, for example, three months. Lay-by has the benefit of avoiding interest but the disadvantage is that the shop does not give you the good until the final payment is made. You can now also apply online to use a 'pay later' service such as Zip Pay and Afterpay. Once you have finalised your account, you can shop and set up a payment plan that suits you. The advantage compared to lay-by is that you can access your purchase straightaway.

COMFACT

Using credit to purchase items can be much more expensive than paying in cash. This is because it can involve interest payments and, most likely, fees. It may lead people into debt for long periods of time.

11.8.2 New, second hand, joint ownership

Major items can be purchased new, or second hand, which means they have been used in the past by someone else, but may still be in good condition.

Major items can also be purchased through joint ownership, where two or more people share the ownership of an item. Joint ownership is common when people purchase property. Joint ownership can be between married couples, family members such as siblings, friends or even flatmates.

Joint ownership can be helpful for young people who want to buy a property but who cannot afford to do so on their own, as it allows people to split the costs of buying a home. Joint ownership can also be an option for people living in shared accommodation arrangements, where housemates or flatmates may split the costs when buying items such as furniture. However, there may be issues when one person decides to move out. Will the person moving out sell their share of a particular household item to the other flatmates? Will all the flatmates contribute to this cost? What if the value of the household item has depreciated, as may happen with items such as computers? How will you decide on how much the household item is worth? It is best to have the answers to all these questions in a written agreement before flatmates buy items through a joint ownership arrangement, to avoid misunderstandings and possible conflict.

11.8.3 Consumer protection available for selected items

The Australian Consumer Law, contained in a schedule to the Competition and Consumer Act 2010 (Cth), protects consumers from unfair business practices when purchasing items. For example, goods bought must be safe, durable, and free from defects or faults, such as a hole in a piece of clothing.

Consumers who purchase second-hand goods from businesses are also covered by the Australian Consumer Law. However, the age of the item, price, condition and whether the seller informed the buyer of any defects before purchasing the product will all be taken into account. For example, a second-hand dishwasher that is advertised for $450 and described as ‘used only a few times, in good working condition’ should last for quite a few years. On the other hand, a dishwasher advertised for $55 and described as ‘12 years old, still works’ should not be expected to last as long and may need repairs in the near future.

Consumers should exercise the principle of ‘caveat emptor’, meaning ‘let the buyer beware’. If someone is buying a second-hand car or boat, for example, they should check to ensure it hasn’t been stolen, by using the Personal Property Securities Register (established by the Australian Government under the Personal Property Securities Act 2009 Cth.). Consumers can search for cars and boats by serial number — the vehicle identification number (VIN) or chassis number for cars, and the hull identification number (HIN) for boats.

CASE STUDY

Second-hand goods — Mario's story

Mario was excited when he passed his driving test and gained his driver licence. He was looking forward to being independent by owning his own car. He could not afford a new car so decided to buy a second-hand one from a private seller. He was enjoying driving to work and to social events. Soon after, he received a call from the police saying they would have to repossess it. This means they would have to take back possession of the car as it had been stolen. The police advised Mario that he could have avoided this situation if he had checked whether the car had been stolen before purchasing it, by searching for it on the **Personal Property Securities Register**. Mario was now faced with the difficult task of finding the person who had sold him the car to try and get his money back.

on Resources

Weblink Personal Property Securities Register

Making judgements about consumer protection laws and second-hand goods	
Ticks	**Crosses**
✓ Justice is achieved for consumers who cannot afford to buy new products and who buy second-hand products instead; they are still entitled to consumer protection, thus being treated equally; equality is an aspect of justice. ✓ The United Nations Guidelines for Consumer Protection (1999) states that 'special care should be taken to ensure that measures for consumer protection are implemented for the benefit of all sectors of the population, particularly … people living in poverty'. ✓ Consumers can check the national online Personal Property Securities Register to check that the second-hand car or boat they want to buy has not been stolen.	✘ The Australian Consumer Law does not apply to second-hand goods bought through private sales, such as goods bought at a garage sale or from a neighbour. ✘ Unless a consumer gets written communication from a seller regarding a product's flaws or defects, they have no recourse if something goes wrong. The consumer should exercise the principle of 'caveat emptor', or 'let the buyer beware' and ask the seller to communicate any defects in writing. ✘ Some people — for example, people from a non-English speaking background — may not be aware of the Personal Property Securities Register when buying second-hand goods.

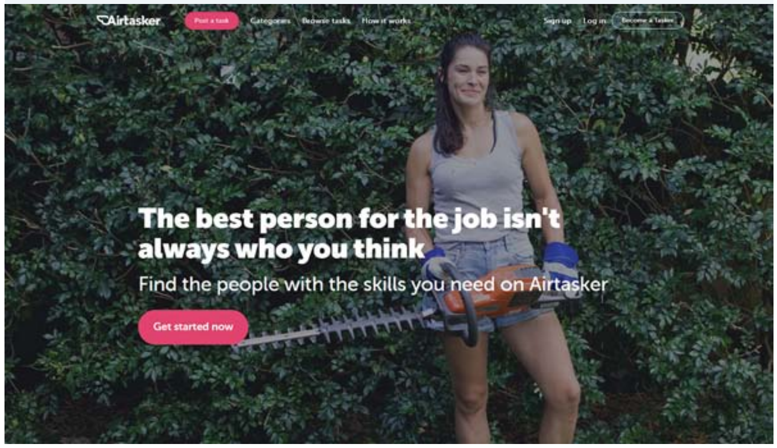
The Australian Consumer Law applies not only to physical commerce, or in-store shopping, but also to e-commerce, or buying items online — as long as you are buying from Australian based businesses. If you buy from an overseas online seller you may not be covered by the Australian Consumer Law, as each country has its own consumer protection laws. This means you may experience difficulties in obtaining a refund, repair or replacement if the product you purchased is faulty.

11.8.4 Alternatives to the purchase of major items

Sharing economy

The **sharing economy**, also known as collaborative consumption, involves individuals renting goods rather than buying or owning them, or hiring services rather than completing the everyday task themselves.

Airtasker provides an online and mobile marketplace where users can hire community members to complete everyday tasks for a fee. Established by Australian entrepreneurs in 2012, the outsourcing platform allows users to describe the task and indicate a budget, then community members bid to complete the task.



One example of the sharing economy is a person renting out their house or apartment. For example, Airbnb connects homeowners with people who need a place to stay when they are travelling. Homeowners advertise when their property will be available and at what price, usually when they are not using the property. This form of accommodation can be cheaper than staying at a hotel. Advantages of using a service like Airbnb include paying a cheaper rate for accommodation compared to staying at a hotel, accessing more amenities, such as a full kitchen and a spacious lounge room, which a hotel does not offer, and an opportunity to find accommodation in local neighbourhoods away from busy tourist areas, where hotels may be difficult to find. Disadvantages include the possibility of renters having to share living spaces with strangers, or finding that the owner of the property has made false and misleading statements about its condition. For the owner, there is the possibility of someone causing damage to the property during their stay.

Another example of the shared economy is ridesharing or carsharing services like Uber, DiDi and Ola., where you can pay someone to drive you somewhere in their personal vehicle. This allows you to access some of the benefits of car ownership without having to pay for car maintenance and petrol. Some car owners also rent out their car by the hour or day when they are not using the car themselves.

Since the introduction of rideshare schemes in Sydney, share bikes are being used for more than 6600 trips each day.

Since the introduction of rideshare schemes in December 2017, inner Sydney commuters have really taken to utilising the alternative transport option. Figures from the city's two dockless bike scheme operators, Mobike and Lime (e-bikes), have shown share bikes are being taken on more than 6600 trips in the inner city each day. With over 140 000 registered users, the rideshare schemes have been successful in increasing the number of people cycling, which reduces the traffic congestion and provides more transport options.

Rent-to-buy schemes

You may not have the cash saved up for something or cannot get a credit card, but really want to buy something. Or, you may own an item that breaks down and you cannot afford to buy a new one. A rent-to-buy lease allows a consumer to rent goods such as a refrigerator or television, for a certain period of time — say, three years. They then have the option to buy the item once the lease term is up. However, this can be an expensive way to buy goods. For example, a business may offer you a TV to rent at $18 per week over three years. Over three years you will pay $2808. If the sale price of the TV is $1000, you have ended up paying much more for the TV by the end of the lease term. There could also be hidden fees, charges and conditions. If the good is damaged or stolen during the rent-to-buy period, a consumer may still need to make rental payments on the item. Rent-to-buy schemes are attractive to consumers who are already facing financial difficulties. However, participating in these schemes may increase their financial difficulties, especially if they do not read the fine print before signing up.

on Resources

Digital document Worksheet 11.8 Financing a major purchase (doc-32749)

Weblink Major banks

11.8 Activity: Investigate and communicate

1. Use the **Major banks** weblinks in the Resources tab.
   (a) Construct a table showing the various credit card options available.
   (b) Construct a table showing the various personal loan options available.

11.8 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. What are the two main ways of purchasing goods or services?
2. Draw up a table to list the advantages and disadvantages of paying by cash.
3. Identify four ways of paying for goods using cash.
4. Explain how a debit card operates.
5. What are the four methods of buying goods or services on credit?
6. Define the term 'mortgage'.
7. Describe how lay-by operates.
8. Many people returned to using lay-by when the 2008 global financial crisis struck. Why do you think they did so?
9. Outline one advantage and one disadvantage of each of the following options people use to purchase major items:
   - new
   - second-hand
   - joint ownership
10. (a) Identify the piece of legislation that protects consumers from unfair business practices when purchasing items.
    (b) Describe how a business could breach this piece of legislation.
11. Read the case study **Second-hand goods — Mario's story**. Explain the importance of using the Personal Property Securities Register before paying for a second-hand car or boat.
12. Explain why it can be difficult to obtain a refund, repair or replacement for a faulty product if you bought it from an overseas online seller.
13. Evaluate the effectiveness of consumer protection laws in protecting consumers in Australia who buy second-hand goods. 'Evaluate' means to make judgements – what is working well, what is not working well and what needs to be improved.

14. Define the 'sharing economy'.
15. Describe one example of the sharing economy.
16. (a) Describe rent-to-buy schemes.
(b) Explain the disadvantages of these schemes for consumers.

Fully worked solutions and sample responses are available in your digital formats.

11.9 SkillBuilder: Choosing a mobile phone plan

11.9.1 Tell me

Do you have a pre-paid mobile or do you pay a bill at the end of every month? Do you have unlimited standard calls and can you send as many text messages as you want? How many gigabytes or megabytes of data are you allowed and is social media included? You need to consider all these questions and more when you choose a mobile phone plan.

In this SkillBuilder, you will find out what mobile phone plans are and how you can select the one that best suits your needs. You will also find out how to compare the many options offered by the various providers that operate in Australia.

Choosing the right mobile phone plan can save you a lot of money over time.

11.9.2 Show me

Mobile phones are usually purchased through telecommunications providers. Companies such as Telstra, Optus and Vodafone sell phone handsets as well as contract agreements known as 'plans'. Although some people choose to purchase their mobile phones outright, the majority of Australian consumers sign up to either a pre-paid or post-paid mobile phone plan. Usually included in the plan are essential mobile phone functions such as calls, text messages, multimedia messaging, data charges and voicemail. Tailored plans are often available that enable consumers to choose a plan that suits their specific needs. For example, as business owners tend to make the majority of their phone calls during the day, business plans offer a lower charge for calls made during business hours. Mobile phones can also provide portable internet access when used as personal 'hotspots'. Before purchasing a phone and signing up to a plan, it is important to compare mobile phone providers and the options they offer to consumers.

11.9.3 Let me do it

Complete the following activities to practise this skill.

11.9 Activities

1. Construct a comparison table like the one shown below. You can either use the headings provided, or you can alter this table to suit your own search parameters. Use online information or call the company directly to obtain the information you need. As mobile phone providers offer a huge range of products, it is best to narrow your search before you begin this phase. A good way to do this is to choose one specific brand and model of phone to research. There are also many different mobile phone providers in Australia, so it will be easier if you limit your search by investigating only some of the following companies:
   - Telstra
   - Optus
   - Vodafone
   - Belong
   - Dodo
   - iiNet
   - Amaysim.

There are several websites that present information and compare plans for a number of different mobile phone providers.

Use the **Mobile phone providers** weblinks in the Resources tab to find information on the pricing of mobile phone plans offered by three different telecommunications companies.

Phone provider	Length of contract (months)	Calls included ($)	Min. monthly charge ($)	Data included (GB)	Additional data costs ($ per GB)	Flagfall ($)	SMS costs ($)	MMS costs ($)
Telstra								
Optus								
Vodafone								

2. Once you have completed the summary table above, you need to evaluate the costs and benefits of the different alternatives. To do this, complete the following tasks.
   (a) Complete a cost–benefit analysis for each of the mobile phone plans that you researched. Use a table like the one below to help you.

Phone provider	Costs	Benefits
Telstra		
Optus		
Vodafone		

   (b) Considering your own needs as a mobile phone user, rank the providers from most suitable to least suitable.
   (c) Write a one-paragraph response that justifies your rankings.

on Resources

Weblinks Mobile phone providers 1
Mobile phone providers 2
Mobile phone providers 3

11.10 Community involvement

11.10.1 Becoming active and effective participants in the community

Enrolling to vote

As you move towards independence, you will gain the right and have the responsibility to vote, which means you will be able to elect people to represent you at the local, state and federal government level. Gaining the right to vote means you can also vote in referendums and plebiscites when they are held. Referendums are polls about Parliament-proposed change to the Australian Constitution, or to the constitutions of states and territories, such as the 1999 Australian republic referendum. Plebiscites are polls about non-constitutional issues.

In Australia you have the right to vote if you are an Australian citizen, aged 18 years and over. Before you can vote, you must be on the electoral roll, and you may enrol to vote if you have lived at your address for at least one month.

When you turn 16 years old you can enrol to vote so that when you turn 18 you will be ready to vote. This is important, because the electoral roll, which is an alphabetical list of people who are entitled to vote in an election or referendum, closes soon after an election has been called. An enrolment application form is available on the **Australian Electoral Commission** website, or you can go to an Australian Electoral Commission office or Australia Post and pick one up.

Being informed

To make an informed vote it is important to understand what the different political parties believe in and stand for. Reading and watching the news, visiting the website of each political party and talking to family and friends about political issues can be ways you can stay informed and make an informed vote which reflects your beliefs and values.

Voting responsibly

Enrolment and voting is compulsory in Australia. If you do not vote you will be breaking the law and may be fined. It is important you understand the different methods of voting and the difference between voting above the line and below the line when voting in the Senate at a federal election, for example. If you cannot attend a polling booth on the day of the election, you will need to vote before the election by attending a pre-poll booth or making a postal vote. The Australian Electoral Commission can help you make a valid vote by explaining all the voting rules and procedures. Who you vote for has important consequences in terms of what kind of laws are made in Parliament and how your local area is governed through your local council, so it is important to take voting seriously and vote responsibly.

CASE STUDY

Elections in Australia

Why are elections always held on a Saturday in Australia?

The Commonwealth Electoral Act specifies polling must take place on a Saturday. Saturdays are appropriate for voting as not as many people are working compared to weekdays, so they have the time to vote. Also, schools are available to be used as polling booths on Saturdays. In England, where voting is not compulsory, elections are usually held on a Thursday, meaning people who go away for the weekend won't miss out on voting.

Why do we use pencils for voting?

The Commonwealth Electoral Act says that pencils must be provided to voters. The benefit of pencils is that they are cost effective. You might ask, though, doesn't this make it easier for someone else to change a vote, by using an eraser, for example?

Ballot boxes are guarded by a polling official. Once the ballot papers are taken out of the ballot box after 6 pm when polling booths close, workers who are counting the votes are heavily supervised by members of political parties called 'scrutineers'. Scrutineers have permission to enter the counting area and make sure that the votes are being counted correctly and that no dishonest worker changes a vote, by using an eraser, for example. As voters are advised to get a new ballot paper if they make a mistake, a ballot paper that looked like it had been changed by someone using an eraser would be treated as suspicious.

CASE STUDY

Olivia's first time voting in an election

Olivia had enrolled to vote when she turned 16, as she remembered learning about the importance of doing this while studying Commerce in Year 10. Shortly after turning 18, she found herself having to go and vote in an election. As the electoral roll closed soon after the election was called, Olivia was glad she did not have to worry about rushing to enrol to vote — she was looking forward to casting her first ever vote and did not want to miss out.

When Olivia arrived at the polling booth (at the local school), she was approached by quite a lot of people handing out leaflets of papers. Unsure of why they were doing this and wondering who all the people were, Olivia ended up entering the polling booth with her hands full of paper. After she voted, she went home and asked her parents who those people were and if they were getting paid.

Olivia's parents explained that the leaflets were 'how to vote' cards, and that people handing them out are usually members of political parties, or relatives and friends supporting the candidate who is standing for election. They are under the direction of a booth captain, who makes sure that each gate of the school or other voting venue has someone handing out how to vote cards so that no voter is missed. Each how to vote card has specific instructions on how to vote for a particular political party. Olivia's parents told her that it is important voters follow the how to vote card that matches for whom they want to vote.

Alternatively, they said that you can make a valid vote without following any of the how to vote cards. Olivia's parents also said that the people handing out the how to vote cards are usually volunteers who do not get paid.

11.10.2 The benefits of community involvement

Studies show that people involved in their communities, especially in volunteer work, experience high levels of satisfaction and that community involvement makes them feel good about themselves. Apart from the obvious benefit to the community, people who contribute their time or expertise feel a sense of belonging and purpose. They can also gain valuable skills.

Working together towards a common goal provides a sense of purpose and achievement.

Community services are services largely funded from within the community to provide something that is desirable but not profit making. They cannot function without assistance from the community, and there is a need for individuals to put something back into the community. This ensures that highly desirable services, such as volunteer fire brigades and The Smith Family, are fully staffed and funded. Governments are unable and unwilling to fully fund many of these community services. This means that to survive, such services must not only provide volunteers, but also be fundraisers. By involving yourself in a community service, you are not only helping others, but you can also meet new people, gain worthwhile experience and increase your own wellbeing and self-esteem.

Ways that individuals can contribute to the community include:

- joining a volunteer organisation — this could be anything from the local sporting club to a bush fire brigade
- making donations to community services groups
- donating blood to the Red Cross — this is safe, easy and could save someone's life
- signing up for organ donation
- placing unwanted clothing in recycling bins such as those provided by St Vincent de Paul Society and Lifeline
- reducing litter by recycling bottles, cans and cartons by using the NSW Government's Return and Earn scheme
- supporting community fundraising efforts, from simple actions such as buying a raffle ticket or some goods from a fete stall, to actively selling the raffle tickets and making goods yourself to be sold at the fundraiser
- passing on your expertise and skills free of charge to community groups
- joining a local environmental group such as Clean Up Australia Day
- becoming a member of a youth advisory group through a local council
- joining a political party — young people can join the young people's branch of a political party.

CASE STUDY

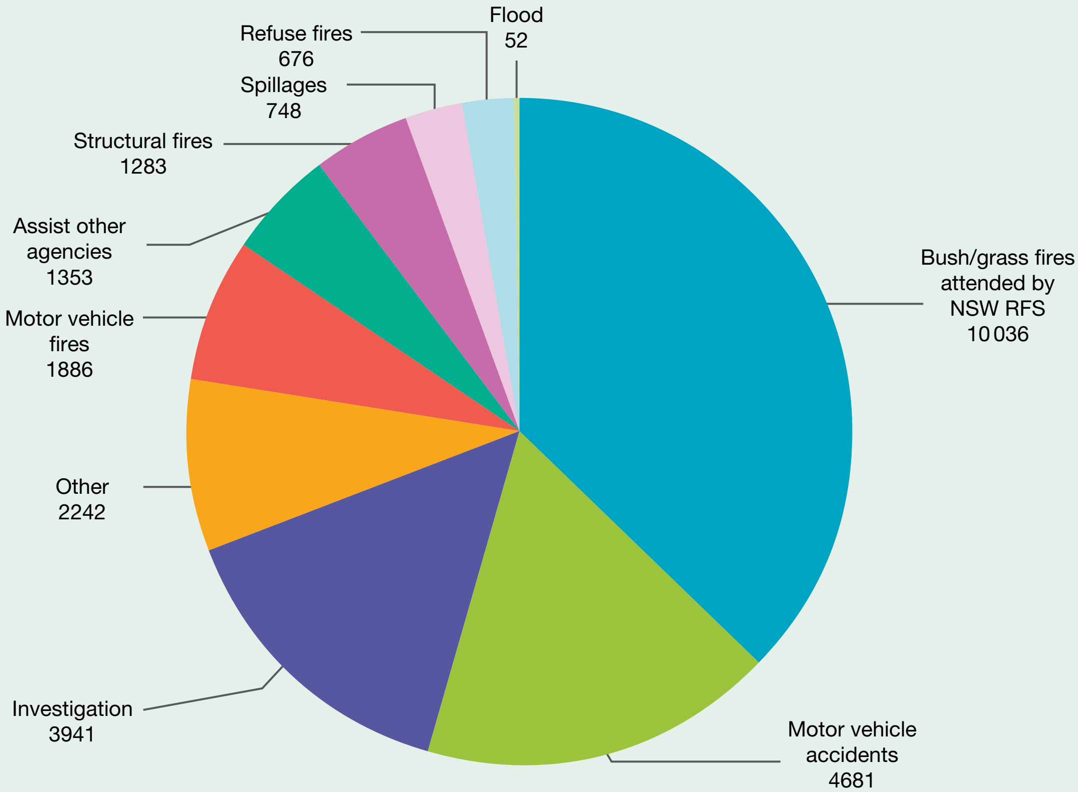
NSW Rural Fire Service

Goals and strategies

The first bushfire brigade in NSW was formed at Berrigan, in the southern Riverina, over 100 years ago. The aim was for residents to join together to fight bushfires which regularly devastated the area.

The NSW Rural Fire Service depends on volunteers for its existence.

In 2017–18, NSW RFS members attended more than 24 000 incidents across the state.



The current NSW Rural Fire Service was formed in 1997. The aim was to unite the community effort to fight bushfires. The Service has grown into the world's largest fire service. It comprises over 2000 volunteer rural fire brigades and has a total membership of almost 74 000 volunteers.

A number of paid staff also manage the day-to-day operations of the Service at headquarters, regional offices and district fire control centres.

Each year, the Service attends over 7000 bush/grass fires, mainly in the summer months. It also provides volunteers to fight fires in other states as needed.

The organisation's effectiveness in achieving objectives

The NSW Rural Fire Service (NSW RFS) is the world's largest volunteer fire service. The organisation provides fire and emergency services to approximately 95 per cent of NSW. They attend to a range of incidents across the state, including bush fires and grass fires. The NSW RFS also assists with storm damage and motor vehicle accidents.

People who want to be members of the NSW Rural Fire Service undergo a comprehensive training program, which involves being a probationary member of the brigade for a minimum period of six months. At the end of the probationary period the brigade will vote on whether to accept a person as an ordinary member. This ensures the organisation has highly skilled people achieving its goals.

Actions individuals can take to assist the organisation to achieve its goals

The Rural Fire Service needs people with all sorts of skills, and you can join as a volunteer. There are a range of roles available, including firefighting, equipment maintenance and community education.

Some NSW Rural Fire Service brigades offer junior or cadet membership for those aged from 12 years, enabling young people to be involved in its work, as well.

You can also support the fundraising efforts of the NSW Rural Fire Service. For example, many Rural Fire Brigades conduct fundraising activities at community events through coin collections or barbeques. These proceeds go directly to assisting the brigade to continue its work.

Individuals can also help the NSW Rural Fire Service by working with them to prepare a personal survival plan that will help you should you be threatened by a bush fire.

Actions to improve the effectiveness of the organisation

It would help the NSW Rural Fire Service if more people were educated about planning and preparing for bush fires, especially if they live in a bush fire area.

It is also important that more people are educated about ways to reduce the risk of a house fire. For example, having an adequate number of suitable smoke alarms installed throughout your home is very important. Each smoke alarm should be tested regularly and the battery should be changed at least every 12 months.

You can also assist the NSW Rural Fire Service by staying up to date before, during and after a bush fire. You can do this by checking the information and warnings that the NSW Rural Fire Service provides to the community, which also helps improve the effectiveness of the organisation. Check the **Fires Near Me** website which gives information and warnings about bush fires and other incidents attended by the NSW Rural Fire Service.

11.10 Activity: Research and communication

1. (a) Complete the 'enrol to vote' form on the **Australian Electoral Commission** website as you would when you reach your 16th birthday and are eligible to enrol to vote. Do not submit the form if you are not yet 16 years old. You may print a copy of the form for your Commerce workbook.
   (b) List the three types of evidence of identity accepted by the Australian Electoral Commission for people enrolling to vote.
   (c) Outline the two ways you can sign the enrolment form.
   (d) List the requirements you need to satisfy to get on to the electoral roll.
   (e) i. Is voting compulsory if you are 18 years old?
   ii. What may happen if you do not vote?
2. Conduct a class debate on the following topic:
   'The legal voting age should be lowered from 18 years of age to 16 years of age.'
3. Using the internet, prepare a directory of the community services available in your area. In your directory, include the name of each organisation, as well as their address, contact details and a brief description of what they do. Present this as either a database or spreadsheet.
4. Invite a representative from the NSW Rural Fire Service to speak to the class. Prepare questions to ask the guest speaker prior to their arrival.

11.10 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. Outline what the right to vote enables you to do.
2. Explain how you can stay informed and make an informed vote at an election.
3. (a) Why are elections always held on a Saturday in Australia?
   (b) Explain how you can still vote even though you are unable to attend a polling booth on the Saturday of an election.
4. Read the Case study: Olivia's first time voting in an election.
   (a) Outline the purpose of 'how to vote' cards.
   (b) 'How to vote cards should not be handed out to people entering polling booths on an election day'. Do you agree or disagree with this statement? Explain reasons for your answer.
5. Discuss compulsory voting in Australia (include two arguments for compulsory voting and two arguments against compulsory voting).
6. (a) Describe some ways individuals can be involved in their communities.
   (b) Explain the benefits of community involvement.
7. Refer to the information about the NSW Rural Fire Service and answer the following questions:
   (a) Describe the aim of the NSW Rural Fire service.
   (b) When and where was the first bush fire brigade formed?
   (c) What is the main cause of bush fires in NSW?
   (d) Describe actions individuals can take to assist the organisation to achieve its objectives.
   (e) Evaluate the effectiveness of the NSW Rural Fire Service in achieving its objectives. 'Evaluate' means to make judgements — what is working well, what is not working well and what needs to be improved.

(f) Propose actions to improve the effectiveness of the NSW Rural Fire Service. 'Propose' means to put forward ideas, suggestions and strategies for consideration.

Fully worked solutions and sample responses are available in your digital formats.

on Resources

Digital document Worksheet 11.9 Community involvement (doc-32877)

Weblinks Australian Electoral Commission

Fires Near Me

11.11 SkillBuilder: Communication and reflection

11.11.1 Tell me

An advertisement is designed to convince individuals or groups of people to take particular action. Most advertising we see is aimed at encouraging us to buy particular products, but advertising can also be used to encourage people to take action on a political issue.

A good advertisement:

- is designed to attract attention
- uses bold colours and simple images
- provides key information in bold print
- uses recognisable symbols and logos
- provides reasons for action
- makes use of simple, easy-to-read language.

An advertisement that aims to encourage participation in a democratic activity should include all these features.

11.11.2 Show me

The following advertisement was used to encourage people to attend a rally at Federation Square, Melbourne, to support the protest against the building of a McDonald's outlet in Tecoma, Victoria. The advertisement has these features:

- It uses bright colours, including some of the colours used by McDonald's in its own advertising.
- The key information (time, date and location of the protest) is shown in the centre, in large print, using white lettering on a red background.
- The original poster included two logos widely used in the Tecoma anti-McDonald's campaign — a burger and the 'golden arches' logo — each with a circle and diagonal line. The circle and diagonal line are widely accepted as negative symbols. For copyright reasons we have been unable to reproduce the McDonald's logo here. However, you can see the original poster by using the **Burger off** weblink in your Resources section.
- The slogan 'Burger off' was widely used in the Tecoma campaign and so has a level of recognition from that campaign. The phrases 'Tecoma goes to town' and 'No Maccas in the hills' also clearly identify the purpose of the protest.

An advertisement to encourage people to attend a Tecoma McDonald's protest rally

- The information that the Master of Ceremonies for the protest is Rod Quantock (a well-known local Melbourne comedian), and the phrases 'See the film', 'Hear the music' and 'Meet the people' are all designed to encourage people to attend. It is particularly designed to attract those who do not live in Tecoma but wish to show their support for the campaign.
- The addresses of two websites for further information is also an important part of the advertisement.

on Resources

Weblink Burger off

11.11.3 Let me do it

Complete the following activity to practise this skill.

11.11 Activities

Using the above model, design an advertisement to encourage more young people to enrol to vote before they turn 18. Your advertisement should contain the features discussed above.

11.12 SkillBuilder: Delivering an oral presentation

11.12.1 Tell me

A successful oral presentation starts before a single word has been spoken:

- *Preparation*. You must research and plan your speech properly. Being organised and prepared will give you confidence in yourself and in your subject material.
- *Proper use of visual aids*. Are you going to use PowerPoint, Keynote or any other visual aids? If so, you need to consider how to use these tools properly. Avoid overloading your audience with a cluttered combination of visual and audio information.
- *Delivery*. The final key to a successful presentation is the delivery. Sustained eye contact and a confident, well-projected voice will help you deliver your intended message.

Preparation, proper use of visual aids and delivery are key elements of a successful oral presentation.

11.12.2 Show me

How to give an oral presentation

Preparation

Follow these steps to prepare for your oral presentation:

1. **Research** your oral presentation carefully, making sure you are answering the question set.
2. Use a **variety of sources** of information when you are researching your oral presentation — e.g. websites, newspaper articles, books, magazines and case study examples.
3. Be **organised**. Are all your palm cards in order? Are your PowerPoint slides in order?
4. **Practise** presenting your oral report out aloud. You may want to create an audience (e.g. family, friends, pets, or even the mirror). The more prepared you are the more effective your oral presentation will be when you do have to speak in front of an audience. Practice makes success.
5. **Pronunciation** — make sure you can pronounce all words correctly. If you come across a word that is difficult to pronounce, access online dictionaries, where you can submit a word and hear it pronounced correctly.
6. **Timing** — be mindful of the length of time you have in which to give your presentation. If your presentation is longer than the allowed time, you will need to shorten it. Ask someone to listen to you practise, and time how long it takes you.

Proper use of visual aids

Visual information can add to your presentation. However, if used incorrectly, it can decrease the effectiveness and clarity of your message. Make sure that any visual aids serve a clear purpose. Do not commit any of the mistakes shown in the **How not to use PowerPoint** weblink in the Resources tab.

Delivery

The effectiveness of your speech often relates to the connection you make to your audience. Eye contact and a confident delivery of your speech are two ways to boost this connection. Sustained eye contact requires more than simply looking up from your notes every now and then. You need to make and hold eye contact with members of your audience. This will only be possible if you have practised your speech often and know the content extremely well. Sustained eye contact will also improve your delivery of the speech itself. Remember not to rush your speech, and be sure to explain your points clearly and carefully.

Speaking in public can be daunting, but try to connect with your audience even if you are feeling nervous.

on Resources

Weblink How not to use PowerPoint

11.12.3 Let me do it

Complete the following activity to practise this skill.

11.12 Activities

You have just learned about the skills required to successfully deliver an oral presentation. Now it is time to put these skills into action by researching a community organisation (other than the NSW Rural Fire Service) in which young people can become involved.

During your oral presentation you must:

a. Outline the goals and strategies of the organisation.
b. Describe the actions individuals can take to assist the organisation to achieve its objectives.
c. Evaluate the organisation's effectiveness in achieving its objectives. 'Evaluate' means to make judgements – what is working well, what is not working well and what needs to be improved.
d. Propose actions to improve the effectiveness of the organisation. 'Propose' means to put forward ideas, suggestions and strategies for consideration.

Then use the procedure discussed in this SkillBuilder to ensure that your presentation is successful.

11.13 Current issues

11.13.1 Ease of access to loans and credit facilities

Credit enables consumers to buy products now and pay for them later. They in effect borrow money and promise to pay it back later. Credit can be useful when you want to buy something, but you do not have the cash. However, there is a cost to borrowing money, which is called interest. Sometimes consumers can avoid interest by paying back the money during the interest free period. There may also be fees and charges to pay when accessing credit. Developments in the fast loans area have led to new problems for people using credit.

Payday loans can be attractive to young people as they enable them to borrow money quickly. Payday loans are officially known as 'small amount credit contracts' and enable you to borrow small amounts of money. They have high interest rates and must be paid back by the time you get your next paycheck. Your loan repayments will be deducted from your pay in your bank account on the day you are paid — thus the name 'payday' loan. There are establishment fees to pay, such as 20% of the amount borrowed, and interest must be paid on the amount you borrow. Lenders do not look closely at your financial situation and credit history, so if you have a poor credit history and are on a low income, these loans can be relatively easy to obtain.

If you cannot pay the payday loan on the next payday after you borrow the money, you may be able to roll over the loan to pay on your next payday. Some people continue to roll over the loan and the loan continues to grow with interest. Sometimes you can be forced to take out another payday loan to pay off the first payday loan.

11.13.2 Alternatives to loans and credit facilities

Given the disadvantages of payday loans, it is worth investigating cheaper alternatives.

Contact your utility provider

If you are having difficulties paying your bills by the due date, contact the **utility** provider who may allow you to pay the bill in instalments. For example, instead of paying a $120 electricity bill all at once, you may be able to pay $40 every fortnight until the bill is paid. It is wise to contact your utility provider first when facing difficulties paying a bill, rather than taking out a small amount loan like a payday loan in order to pay the bill. Arranging a payment plan may mean you can avoid putting yourself in debt.

Centrelink advance payment

If you are receiving Centrelink welfare payments and need money urgently, you may be able to receive your payment earlier in the form of an advance payment. This involves no interest rate charges.

No Interest Loans Scheme

The No Interest Loans Scheme (NILS®) provides people on low incomes access to credit without interest charges and fees. The scheme offers loans of up to $1500 for essential goods and services such as washing machines, wheelchairs and car repairs. Repayments are set up over 12–18 months.

To be eligible for NILS you must have a Health Care Card or Pensioner Concession Card from the government or earn less than $45 000 a year after tax ($60 000 for joint applicants or people with children). You must also show that you can and are willing to repay the loan within 12 to 18 months.

NILS providers are based in community centres and other local organisations across Australia.

CASE STUDY

Steven gets a new refrigerator

Steven's refrigerator broke down and he did not have savings to buy another one. He was concerned about where he would put food that needed to be in a refrigerator. He needed $350. Steven started looking online and found a payday lender who would lend him the money he needed to buy another refrigerator; he would receive the money later in the day. However, Steven would also need to pay an establishment fee, which was 20% of the amount borrowed, and 45% interest if he could not pay back the amount borrowed in time. He was concerned about money being taken out of his next pay, as he needed that money for other expenses.

Steven's brother, who had studied Commerce when he was at school, suggested he apply for a no interest loan through the No Interest Loans Scheme at a community centre in the local area. Steven applied and received the loan. He bought a new refrigerator and paid it off over the next 18 months, without interest or fees.

National Debt Hotline

If you find you are experiencing difficulties with debt, you can receive help by phoning the National Debt Hotline on 1800 007 007, where you can speak to a professional financial counsellor for free.

11.13 Activity: Research and communication

1. Use an online payday calculator, such as **MoneySmart Payday Calculator**, to complete the following questions.
   Belinda is a single mother earning less than $60 000 a year after tax. She borrowed $1000 from a payday lender, as she urgently needed to buy a computer for her children who were at school. She paid it back over 10 months.
   (a) What was the establishment fee — 20% of the amount borrowed — that Belinda was charged?
   (b) What monthly fees did she pay?
   (c) What was the total amount she would have to repay to the payday lender?
   (d) Propose a cheaper alternative Belinda could have used to borrow $1000 to buy a new computer.
2. Watch the ABC TV Four Corners program 'Game of Loans'.
   Use the program to write a report about the problems related to payday lenders.
3. Investigate a current issue, other than ease of access to loans and credit facilities, that has an impact on the independence of young people. Describe the issue — asking 'What? Who? Where? How? Why?' — and propose possible solutions.

on Resources

Weblink Moneysmart Payday Calculator
ABC TV Four Corners – Game of Loans

11.13 Exercise: Knowledge and understanding

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

1. Fill in the missing words in the following:
   It is important to always check the i _____________ rate when you are thinking about using credit. The h _______________ the interest rate, the more money you will have to pay back to the lender.
2. Define a payday loan.
3. Outline how a payday loan is paid back to the lender.
4. Discuss three disadvantages of payday loans.
5. Propose cheaper alternatives to payday loans.

Fully worked solutions and sample responses are available in your digital formats.

11.14 Thinking Big research project: Designing a website

11.14.1 Scenario

The National Roads and Motorists' Association (NRMA) is an Australian organisation offering many services such as roadside assistance, motoring advice, car servicing, driver training, car insurance and even holiday destination discounts. The company has decided it would like to invest in a website that would specifically target young drivers wanting to purchase their first car.

11.14.2 Task

NRMA has hired you to create an insightful and interactive website for young people wanting to purchase a car. Your website should be visually appealing, with an attractive design and selective use of colour and images. You could use an online website creation program such as Google Sites to produce the website.

11.14.3 Process

The NRMA has indicated that they would like particular content covered, so the website must include the following:

Section 1 — Homepage

Write a welcome message from the President of the NRMA, which includes the purpose of the website and a summary of what it contains.

Section 2 — Types of costs

Include initial costs and recurring costs that need to be considered when buying a car.

Section 3 — How much can you afford?

Include price ranges and examples of cars in those price brackets.

Section 4 — New or used?

Include advantages and disadvantages of each.

Section 5 — Where to buy?

Include information about private sales, licensed car dealers and auctions. Include advantages and disadvantages of each.

Section 6 — Motor vehicle insurance — protecting your car

In this section include the following:

a. Different types of motor vehicle insurance
b. Factors considered when car insurance companies assess risk — the higher the risk, the higher the premium

Include the following table in this section and complete the 'Example of risk factor' column. The first entry has been completed for you. You are to include three more factors and examples of your own.

Factors affecting risk	Example of risk factor
Location	Drivers living in urban areas which are highly populated with traffic congestion are considered to be a higher risk as they tend to have more accidents and insurance claims compared to drivers living in rural areas.
Age	
Model of the motor vehicle	
Your own factor	
Your own factor	
Your own factor	

Section 7 – Tips, tricks and traps to avoid

Include information about how to avoid being 'ripped off' and how to make sensible consumer decisions when buying a car.

Section 8 – The benefits of being an NRMA member

Use the **NRMA** website for information about this organisation.

Section 9 – Frequently asked questions

Include a list of questions you think young people might have when they are looking to purchase a car, and provide the answers to these questions.

Section 10 – Glossary

Select ten terms which you think a young person should understand when looking to purchase a car. Include the words and the meanings in this section.

on Resources

ProjectsPLUS Designing a website (pro-0245)

Weblink National Roads and Motorists' Association (NRMA)

11.15 Review

11.15.1 Summary

Having explored this topic, you can now:

- identify and explain issues associated with moving into your own place
- identify and locate support from different organisations
- evaluate a range of accommodation options, including their suitability depending on needs and budgets
- identify difficulties associated with shared accommodations and seek proactive solutions
- explain the process of signing a lease
- differentiate between establishing and ongoing costs associated with independent living

- explain strategies to minimise financial problems such as constructing a household budget, saving money and monitoring spending
- identify the importance of applying for a tax file number and completing a tax return
- explain different insurance options, including household and personal insurance
- identify major items to be purchased for independent living and options available for the purchase of these items
- outline opportunities for individuals to become active and effective participants in the community, including voting and being involved in community organisations
- discuss current issues that impact on the independence of young people and propose possible solutions.

11.15.2 Key terms glossary

apprentice a person who has agreed to work for a skilled person for a particular period of time and often for lower wages in order to gain knowledge and skills about a particular job — for example, an apprentice plumber
birth certificate an official copy of your birth registration held by the NSW Registry of Births, Deaths and Marriages, including information such as name and place of birth
bond money that is lodged with the Rental Bond Board. It is used to cover any damages or cleaning costs if the rented premises are left in an unsatisfactory condition
budget a list of income and likely expenditures
Centrelink the main federal government welfare agency. It provides financial assistance as well as counsellors and social workers to those in need
community services services largely funded from within the community to provide something that is desirable but not profit making
condition report details the exact condition of a property when new tenants move in
cooling off period a period of time after a sale contract has been signed, during which the buyer can cancel the contract without receiving a penalty
debit card plastic card that allows you to buy goods by electronically transferring money out of your account into the store's account. It can also be used to obtain cash
deductions items that can be used to reduce your assessable income, thus reducing the amount of tax you pay
establishment costs one-off costs for setting up a new place to live or a business
exclusions the things that an insurance policy will not specifically cover
fixed expenses expenses that are the same amount every time — for example, monthly rent, or a minimum charge of $40 per month for a mobile phone
inclusions the things that an insurance policy covers
insurance the payment of an amount of money that covers a person or property in the event of loss, damage or accident so that the person does not suffer a severe financial setback
insured the person who is covered by the insurance policy
insurer the company that is providing the insurance
kitty a central fund of money that has been contributed by a group of people (e.g. flatmates).
landlord the person who owns the premises being rented
lease a legal contract between a tenant and a landlord that allows the tenant to use the landlord's property in return for rental payments. Once a lease is signed, it is a legally binding document
Medicare card a card issued by the government to individuals or families which they can use to access free health care by a doctor and access free health care at a public hospital
Medicare levy an additional tax of 2% of income used to fund the Medicare system
mortgage a loan from a financial institution such as a bank where something is held as security in case the loan is not repaid, e.g. a house
ongoing costs those costs that keep on recurring such as rent, mortgage and electricity bills
payday loan a high-cost, short-term and small amount loan. The borrower agrees to pay back the loan when they receive their next pay
premium the amount of money to be paid to receive insurance cover
progressive tax system in a progressive tax system, as a person's income increases the percentage that is paid in tax also increases
refuge a place of shelter which keeps a person safe and protects them from danger — for example, a youth refuge

reservation fee usually one week's rent that will reserve the premises for a person while their application for tenancy is being considered
residential tenancy agreement the standard agreement between tenants and a landlord when a house or flat is being rented
sharing economy also known as collaborative consumption, involves people sharing their possessions for payment
superannuation money set aside during your working life for retirement; commonly called 'super'
tax file number a unique personal reference number the Australian Taxation Office gives to a person so they can identify them and enforce Australia's taxation laws
tenant the person or persons who rents a property from a landlord
utility an organisation supplying the community with a service such as water, gas or electricity
variable expenses expenses that change over time, and do not occur on a regular basis. For example, a person may go to a music concert this month to hear their favourite singer and buy a computer game next month
warranty a promise to repair any defects that are in a product

on Resources

Digital documents Key terms glossary (doc-32674)
Match up (doc-32761)
Crossword (doc-32794)
Wordsearch (doc-32805)

Interactivities Wordsearch (int-7908)
Crossword (int-7891)

11.15 Exercises

To answer questions online and to receive **immediate feedback** and **sample responses** for every question go to your learnON title at www.jacplus.com.au.

11.15 Exercises 1: Glossary quiz online only

11.15 Exercise 2: Multiple choice quiz

1. Belinda came home from work to find her rented flat had been burgled. The thief had stolen her laptop, jewellery and television. Which type of insurance would protect Belinda?
   A. Home insurance
   B. Home contents insurance
   C. Public liability insurance
   D. Life insurance
2. Which of the following is an advantage of buying goods with cash?
   A. You have to wait until you have saved sufficient funds
   B. Convenience of carrying large amounts of money
   C. Avoiding the pitfalls of debt
   D. Easy to keep a record
3. Which of the following would be considered an initial cost in buying a car?
   A. Stamp duty
   B. Insurance
   C. Registration
   D. Servicing
4. What is the cost of borrowing money?
   A. Utility
   B. Kitty
   C. Interest
   D. Bond

5. What is the main federal government welfare agency that provides financial assistance to those in need?
   A. Department of Communities Services and Justice
   B. Centrelink
   C. Department of Social Services
   D. The Salvation Army
6. Which of the following best describes an insurance premium?
   A. The amount of money to be paid to receive insurance cover
   B. The person who is covered by the insurance policy
   C. The company that is providing the insurance
   D. Items that an insurance policy specifically covers
7. Which of the following statements concerning a rental bond is true?
   A. It is usually two weeks rent.
   B. It is used to cover the landlord for any damages or repair costs.
   C. The money is lodged with the real estate agent.
   D. All of the above
8. Which of the following refers to the person who owns a property being rented?
   A. Landlord
   B. Tenant
   C. Insurer
   D. Supplier
9. Referring to the statements, which of the following is correct?

   Statement I: The Australian Consumer Law applies only to physical commerce in Australia.
   Statement II: The Australian Consumer Law applies to physical commerce and to goods bought online from Australian-based businesses.

   A. Statement I is TRUE and statement II is FALSE.
   B. Statement I is FALSE and statement II is TRUE.
   C. Both statements are TRUE.
   D. Both statements are FALSE.
10. Jane has just moved into an apartment in the inner city. Which of the following would be classified as an ongoing cost for Jane?
   A. Rental bond
   B. Telephone reconnection
   C. Electricity
   D. Whitegoods

11.15 Exercise 3: Knowledge and understanding

1. Write down FIVE keywords related to young people and their move towards independence.
2. Complete the passage below, using the words in the box.

birth	homesickness	photo	generations	step	Medicare

   Moving out of home to live alone is a big ___________.
   Recent trends show that many young adults are leaving home much later than previous _____________.
   When young people leave home, they may experience _____________.
   Important documents needed when living independently include a ______________ certificate, ____________ ID and a ___________ card.
3. Outline the key issues facing young people as they move towards living independently.
4. (a) Identify TWO reasons a young person may have for leaving home and living independently.
   (b) Identify TWO advantages of continuing to live at home.
5. Explain the purpose of a Medicare card.
6. Mike is 19 years old and is thinking of leaving home, as he wants to live independently. He is looking for accommodation. Mike is also looking to buy some furniture.
   (a) Identify TWO factors Mike needs to consider before leaving home to live independently.
   (b) Identify THREE options available to Mike for the purchase of the furniture.
   (c) Outline TWO accommodation options for Mike.

7. (a) Define a lease.
   (b) Describe the process for arranging a lease, when renting a property.
8. Outline TWO advantages of living in share accommodation.
9. Describe ONE type of support provided to young people not living at home by each of the following types of organisations:
   (a) government organisation
   (b) religious organisation
   (c) community organisation
10. Outline the difference between fixed and variable expenses.
11. Describe TWO tax obligations for a young person.
12. (a) Define insurance.
    (b) Outline TWO types of insurance.
13. Explain how consumers are protected when purchasing new and second-hand goods.
14. Discuss the advantages and disadvantages of joint ownership.
15. Define the sharing economy using an example.
16. Outline opportunities for young people to be active and effective participants in the community.
17. (a) Describe the role of ONE community organisation.
    (b) Evaluate the effectiveness of the community organisation in achieving its objectives.
18. Define a payday loan.
19. Explain the No Interest Loans Scheme.
20. Explain why we need to manage our use of credit.

11.15 Exercise 4: Challenge your understanding

1. Interview an adult, such as your parent or carer, about their reasons for leaving home and the key issues faced as they moved towards independent living. Write a report based on your interview.
2. Explain TWO strategies that can be used to avoid problems when sharing a house or an apartment.
3. Explain TWO strategies a young person could use to minimise financial problems when living independently.
4. Prepare a collage of advertisements for cars. Divide the advertisements into new and used cars and then classify the cars in each of these two categories into different price categories, such as cars under $2000, cars between $2000 and $10 000 and cars over $10 000.
5. Discuss the advantages and disadvantages of making purchases under a joint ownership arrangement.

Fully worked solutions and sample responses are available in your digital formats.

on Resources

Digital documents	Worksheet 11.10 Wrap up! (doc-32816)
	Glossary quiz (doc-32772)
	Multiple choice quiz (doc-32783)
eWorkbook	Customisable worksheets for this topic (ewbk-0868)
Weblink	Commerce quiz

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