

TAMAR
A+

Media Analysis

Subject: Economics

Task No. 2

Final date for submission: Friday 15th March

Task: *Media Analysis*

Choose 3 current Australian microeconomic issues in the media at present and analyse each issue (what is happening and why). In completing this section of the assessment you should include the following

NB – Articles must be microeconomic in nature

- Content of the article – brief explanation of the article
- Economic issues – why they are important and what the effect is on the market.
- Include article at rear of assignment

Make sure you use S & D diagrams to explain your analysis

Knowledge and Understanding		Analysis and Evaluation	Communication
A	Comprehensive knowledge, in-depth understanding, and focused application of complex economic concepts, principles, models, and skills. Comprehensive and well-informed understanding of the role of economic systems in dealing with the economic problem of scarcity.	<p>✓ Astute and logical analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.</p> <p>Perceptive evaluation of the effects of interdependence on individuals, business, and government locally, nationally, and globally.</p> <p>✓ Incisive analysis and evaluation of the impact of economic change locally, nationally, and globally.</p> <p>Insightful and well-informed evaluation of the way in which economic decisions involve costs and benefits.</p>	<p>✓ Sophisticated communication of economic principles and models, and complex concepts.</p> <p>Consistent, clear, and appropriate use of correct economic terminology.</p>
B	Some depth of knowledge and understanding, and focused application, of a variety of economic concepts, principles, models, and skills. Well-informed understanding of the role of economic systems in dealing with the economic problem of scarcity.	<p>Well-considered analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.</p> <p>Well-considered evaluation of the effects of interdependence on individuals, business, and government locally, nationally, and globally.</p> <p>Well-informed analysis and evaluation of the impact of economic change locally, nationally, and globally.</p> <p>Well-informed evaluation of the way in which economic decisions involve costs and benefits.</p>	<p>Clear and accurate communication of economic principles and models, and a variety of concepts.</p> <p>Clear and appropriate use of economic terminology.</p>
C	Considered knowledge and understanding, and competent application, of economic concepts, principles, models, and skills. Informed understanding of the role of economic systems in dealing with the economic problem of scarcity.	<p>Considered analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.</p> <p>Considered evaluation of the effects of interdependence on individuals, business, and government locally, nationally, and globally.</p> <p>Informed analysis and evaluation of the impact of economic change locally, nationally, and globally.</p> <p>Informed evaluation of the way in which economic decisions involve costs and benefits.</p>	<p>Competent communication of some economic principles, models, and concepts.</p> <p>Appropriate use of economic terminology.</p>
D	Superficial understanding and partial application of some basic economic concepts, principles, models, and skills. Some recognition of the role of economic systems in dealing with the economic problem of scarcity.	<p>Basic consideration and description of one or more economic issues and/or events (past and current) using some skills of economic inquiry.</p> <p>Basic consideration and description of one or more of the effects of interdependence on individuals, business, and government locally, nationally, and globally.</p> <p>Recognition of aspects of the impact of economic change locally, nationally, and globally.</p> <p>Some awareness of the way in which economic decisions involve costs and benefits.</p>	<p>Communication of some basic economic principles, models, and concepts.</p> <p>Some appropriate use of some economic terminology, with inconsistencies.</p>



Assessment

Learning Requirements	Assessment Design Criteria
<p>1. know, understand, communicate, and apply economic concepts, principles, models, and skills</p>	<p>Knowledge and Understanding</p> <p>The specific features are as follows: KU1 Knowledge, understanding, and application of economic systems in dealing with the economic problem of scarcity. KU2 Understanding of the role of economic systems in dealing with the economic problem of scarcity.</p> <p>Analysis and Evaluation</p> <p>The specific features are as follows: AE1 Analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry. AE2 Evaluation of the effects of interdependence of individuals, business, and government, locally, nationally, and globally.</p>
<p>3. evaluate the effects of interdependence on Individuals, business, and governments locally, nationally, and globally</p>	<p>The specific features are as follows: AE1 Analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry. AE2 Evaluation of the effects of interdependence of individuals, business, and government, locally, nationally, and globally. AE3 Analysis and evaluation of the impact of economic change locally, nationally, and globally. AE4 Evaluation of the way in which economic decisions involve costs and benefits.</p>
<p>4. apply economic models, principles, and skills to analyse and evaluate the effects of interdependence on individuals, business, and governments locally, nationally, and globally</p>	<p>Communication</p> <p>The specific features are as follows: C1 Communication of economic principles, models, and concepts. C2 Communication of economic concepts, principles, models, and skills.</p>
<p>6. critically analyse and evaluate the impact of economic change locally, nationally, and globally.</p>	<p>The specific features are as follows: AE3 Analysis and evaluation of the impact of economic change locally, nationally, and globally. AE4 Evaluation of the way in which economic decisions involve costs and benefits.</p>

Assessment Criteria	Requirements	Grade
<p>Knowledge and Understanding</p> <p>KU1 Knowledge, understanding, and application of economic concepts, principles, models, and skills.</p>	<ul style="list-style-type: none"> Ability to apply economic principles accurately to real life situations Accurate use of D&S diagrams 	A, B, C, D, E
<p>Analysis and Evaluation</p> <p>AE1 Analysis and evaluation of economic issues and events (past and current) using economic models and the skills of economic inquiry.</p> <p>AE2 Evaluation of the effects of interdependence on individuals, business, and government, locally, nationally, and globally.</p>	<ul style="list-style-type: none"> Analysis of issues through the use of a appropriate economic models Evaluation of the effects of the issue on the whole economy and members within it 	A, B, C, D, E
<p>Knowledge and Understanding Overall Grade</p>	<p>A+ A A- B+ B B- C+ C C- D+ D D- E+ E E-</p>	
<p>Analysis and Evaluation Overall Grade</p>	<p>A+ A A- B+ B B- C+ C C- D+ D D- E+ E E-</p>	
On Balance Grade		

Stage 2 Economics Heritage College

Media Analysis

Australian microeconomic issues

Tamar Horwood
3/15/2013

Taxis

Sydney is currently experiencing an issue in regards to their taxi services. The demand for taxi services is constantly increasing, and currently there are not enough taxis available to supply for all these requests. Although a solution appears obvious- providing more taxi licenses and therefore more taxis- this is not entirely feasible.

Taxi drivers must work long hours with minimal pay. On top of this, the cost per year to lease a taxi license is extremely significant (\$30,000). In spite of these problems, customers are not satisfied which means the government must intervene to try and solve the problem.

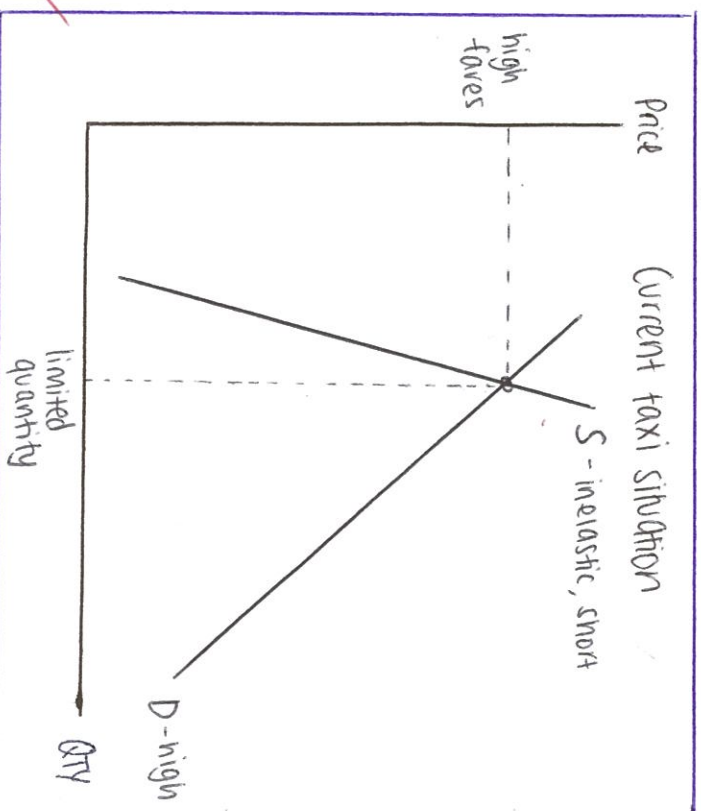
The government of NSW is (like Melbourne), regulating the number of taxi licenses that are being distributed. At present there are approximately 1.1 taxi licenses per 1000 Sydney residents. Each year the number of distributed licenses is reviewed and reset.

In 2009 the government moved to allow annual licenses. This was designed to "match the supply of taxi services to passenger demand, reduce entry barriers to the taxi industry, encourage competition and place downward pressure on fares". Since this (until 2012) 464 new licenses have been issued in Sydney.

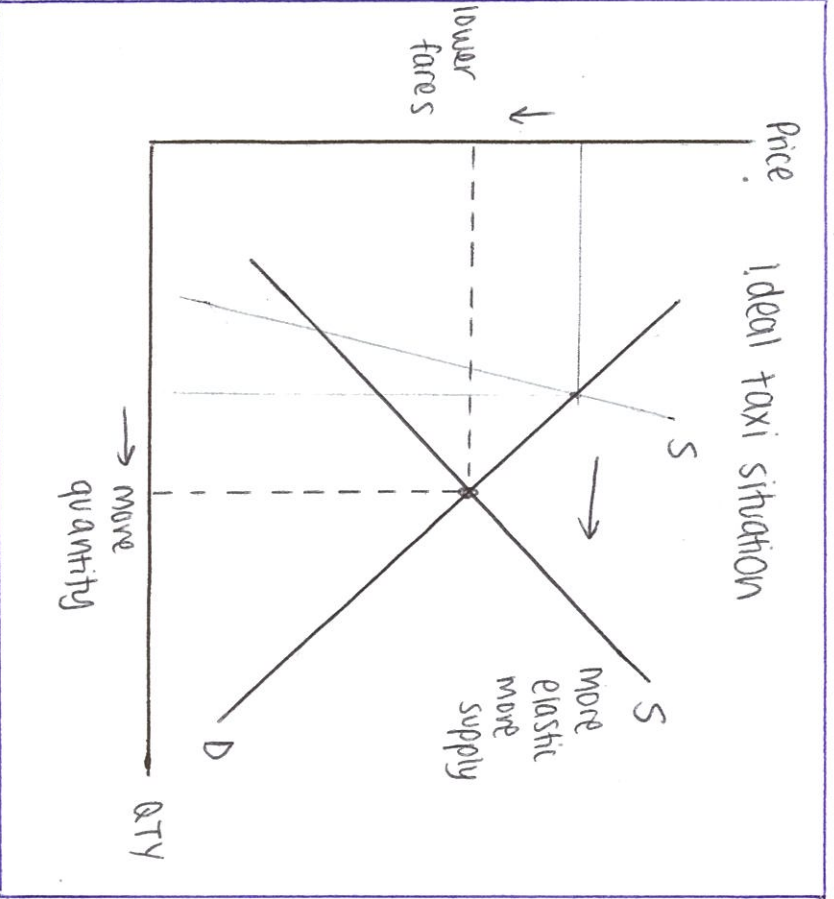
In spite of these changes, the problems have not been removed. Taxi fares are continuing to increase (faster than inflation), the taxi operators are still earning minimal hourly wages and passengers do not appear to be receiving better services.

A possible solution to these problems would be to allow for more taxi licenses, but this can only be done with an understanding of the demand for taxis in Sydney. If this obstacle could be crossed, more licenses would increase demand for taxi services and drivers, causing an increase in potential income for the taxi drivers.

This article shows the difficulty of being unable to supply enough to suit consumer demand. The article also offers a possible, and feasible solution to this problem, however in order to put this solution in place it would be necessary to discover what the demand for taxi services is. To allow for a solution this obstacle must be overcome. The results of this solution would be a healthier economy in these ways:



Good analysis



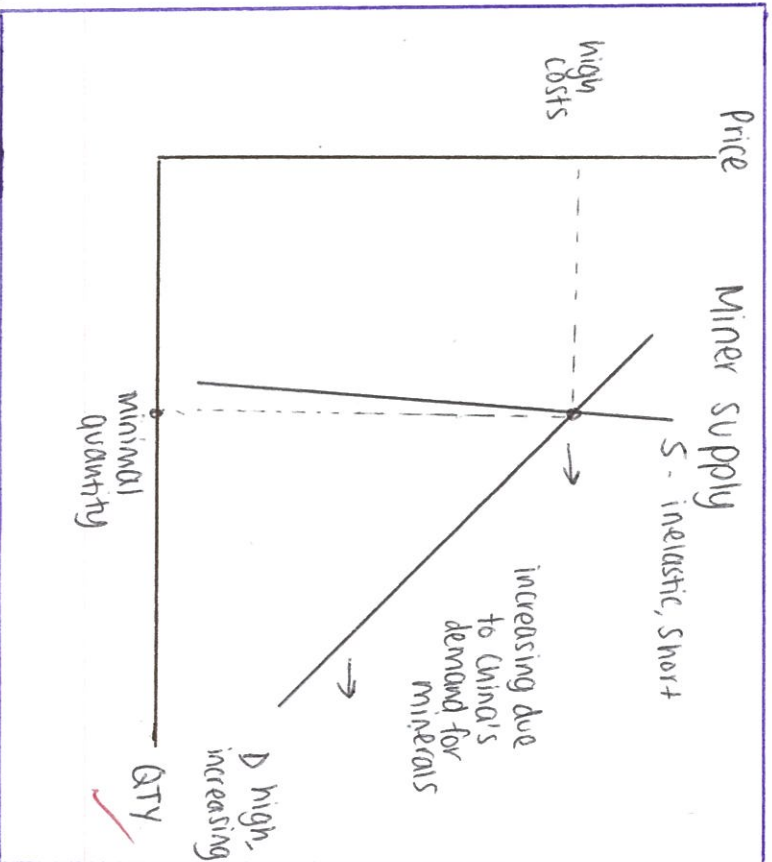
- Lower taxi fares- customer satisfaction
- More licenses but more job security
- Increased income for taxi drivers- would make the job more desirable and also allow for them to affect the economy positively in other areas

Very good ABE
Tanner

Mining Wages

Australia's mining industry is struggling due to high demand yet limited supply. The supply refers particularly to their employees.

The mining companies are struggling to "recruit workers with specialist skills"¹.



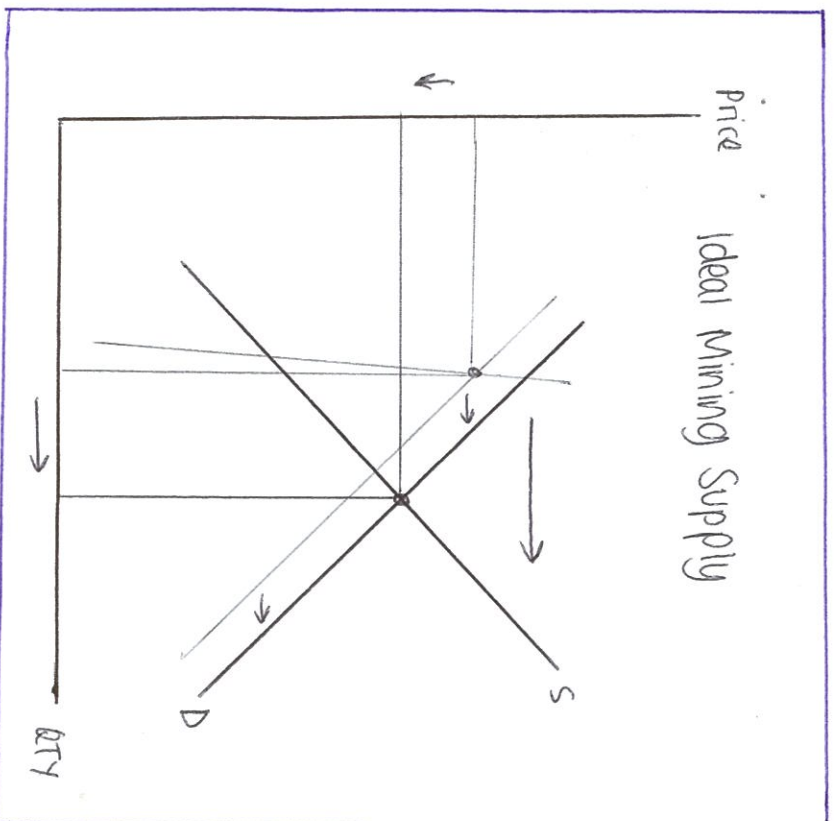
Australia has a significant mining industry due to its location, commodity prices and untapped mineral resources. As a result, the boom that started in 2006 has continued throughout the years (and is likely to do so into 2014 at least); however the issue of labour is greatly affecting the business profitability. ✓

In regards to wages, the average employee is earning a massive salary. Over the past five years, the Deutsche Bank has reported that employees at large mining companies receive an additional 211% of their salary. Even

Western Australian truck drivers earn annual wages of at least \$150,000¹ where untrained employees receive for minimal services annual wages of \$120,000². These enormous salaries are a result of a significant labour crisis- mining engineers, resource geologists and metallurgists¹ are particularly needed. In 2011, mining company BHP Billiton estimated that another 150,000 mining employees would be needed by the mining industry in Australia over the next five years¹. ✓

¹ <http://www.mining-technology.com/features/featuremining-australia-recruitment-employment-mineral/>, accessed 12 March 2013

² <http://www.smh.com.au/business/labour-crisis-a-threat-to-mining-boom-20120113-1pzcw.html>, accessed 14 March 2013



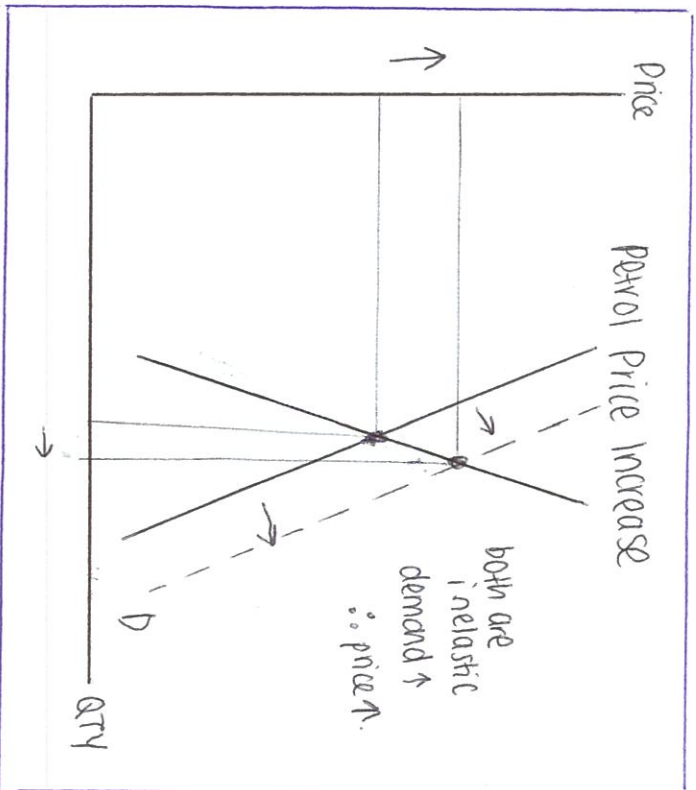
wages could be lowered and the demand could be met. ✓

The issue caused here is decrease in supply. The mining companies cannot recruit enough employees to provide the resources demanded. The mining industry has the capacity to make extremely large amounts of money because of the large resource supplies amongst other things (refer to previous paragraphs for more details). As a result, in order to gain more employees, salaries and wages are being increased to make the jobs more desirable to miners. This is not ideal for the economy as money and resources are being wasted- the industry is not functioning as efficiently as it could be. ✓
 If more employees could be recruited, ✓

Good
Abi

Petrol Prices

Petrol prices have dramatically increased in the last few months. Australia is said to have seen the biggest one week lift since 2005 (more than seven years). Capital cities in particular felt the effects of this more severely than other areas, with Melbourne's petrol prices rising 11 cents, Sydney and Brisbane's 10 cents and Adelaide's 9 cents. Nationally, the average rose pup 6.3 cents to around 144.9 cents a litre³. Although the prices are expected to lower slightly over the next few weeks, economist Savanth Sebastian has said that petrol prices are only going to increase. ✓



The reasoning behind this statement is in regards to supply and demand. Sebastian's company, CommSec, estimated that most motorists spend about \$183 each month on petrol, showing a \$16 increase from the start of the year. The reason is that "investors believe that there's going to be much more demand for oil and as a result global oil prices have rallied quite sharply"⁴. ✓

The petrol price increase, although it may seem a negative thing for Australian consumers, is really an indication that the economy is healing (Chinese and other emerging

economies). Economists have also predicted that due to the Australian dollar, Australian's are in a much better situation compared to other countries.⁴ ✓

However, to many Australians in general, this will indicate a slowing in economic growth and retailers will feel the effects of less spending by consumers. Economist Shane Oliver has said that "households are just going to have to get used to have to get used to high oil prices and petrol prices over the months ahead" as demand for oil has increased significantly recently, causing prices to increase as well (refer to Figure...)⁵. ✓

The Australian Institute of Petroleum shows a steady increase in petrol prices has occurred since January; however prices had begun to decrease slightly since March. ✓⁶

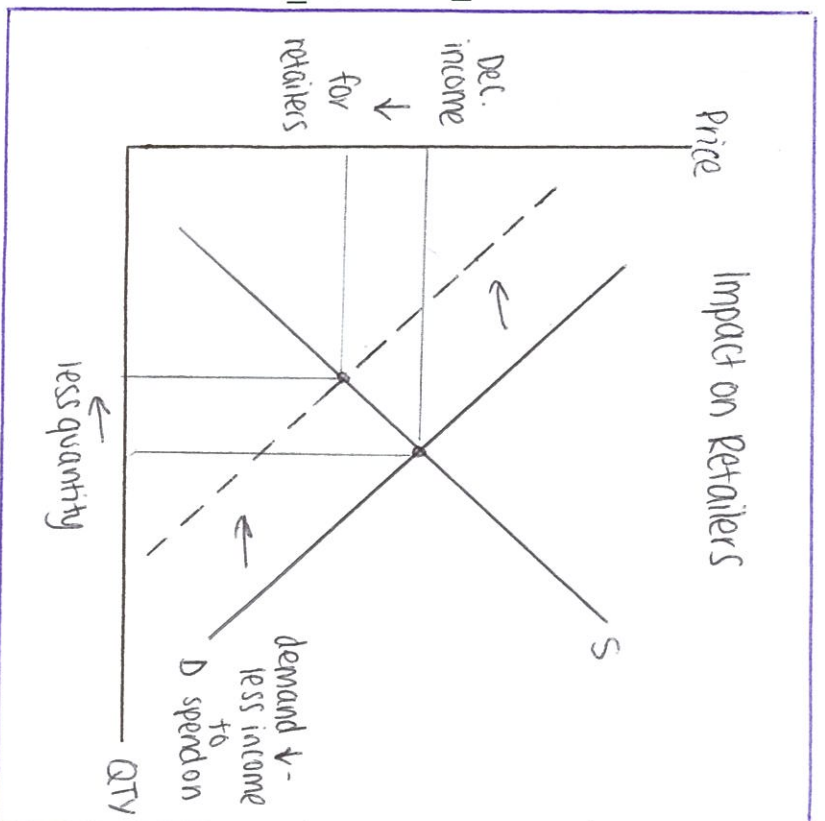
³ <http://www.theage.com.au/business/petrol-prices-jump-most-in-seven-years-20130114-2cp8t.html>, accessed 14 March 2013

⁴ <http://www.abc.net.au/pm/content/2013/s3698000.htm>, accessed 10 March 2013

⁵ <http://www.news.com.au/money/cost-of-living/petrol-to-surge-threaten-the-economy/story-fnagkbpv-1226283520835>, accessed 12 March 2013

⁶ <http://www.aip.com.au/pricing/retail/ulp/index.htm>, accessed 14 March 2013

The CommSec economist Savanth Sebastian summarised the issue by saying, "the drivers behind it is that the global economy is healing, we are seeing investors believing that there is going to be more demand for oil and as a result oil prices have rallied quite sharply. You look at the increases and it's been really quite dramatic for motorists." He also went on to say that the higher prices will effect more than the motorists, with "higher delivery costs, higher transport fares, increases in prices of goods and fruits and vegetables and the like."⁷



Good ABC

⁷ <http://www.abc.net.au/news/2013-02-25/petrol-price-jumps-to-near-year-high/4539082>, accessed 14 March 2013

Bibliographies

Taxi

The Australian, 12 Oct. 2012, *Balancing supply and demand for taxi users*, <http://www.theaustralian.com.au/news/balancing-supply-and-demand-for-taxi-users/story-e6ftg6n6-12226493898184>, accessed 14 March 2013

Mining

Mining Technology, 30 July 2012, *Mining Labour Crisis*, <http://www.mining-technology.com/features/featuremining-australia-recruitment-employment-mineral/>, accessed 12 March 2013

Business Day, 14 Jan. 2012, *Labour crisis a threat to mining boom*, <http://www.smh.com.au/business/labour-crisis-a-threat-to-mining-boom-20120113-1pzcyl.html>, accessed 14 March 2013

Petrol

ABC News, 25 Feb. 2013, *Motorists feel pain as petrol price jumps*, <http://www.abc.net.au/news/2013-02-25/petrol-price-jumps-to-near-year-high/4539082>, accessed 14 March 2013

ALP Retail Petrol Prices, 10 Mar. 2013, *Average Weekly Retail Prices for Petrol*, <http://www.alp.com.au/pricing/retail/ulp/index.htm>, accessed 14 March 2013

News.com, 28 Feb. 2013, *Petrol to surge, threatens the Australian economy*, <http://www.news.com.au/money/cost-of-living/petrol-to-surge-threaten-the-economy/story-fnagkbpv-12226283520835>, accessed 12 March 2013

PM with Mark Colvin, 25 Feb. 2013, *Petrol prices tipped to keep rising*, <http://www.abc.net.au/pm/content/2013/33698000.htm>, accessed 10 March 2013

The Age, 14 Jan. 2013, *Petrol prices jump most in seven years*, <http://www.theage.com.au/business/petrol-prices-jump-most-in-seven-years-20130114-2cp8t.html>, accessed 14 March 2013