

THE MEANING OF INCOME, WHAT DETERMINES INCOME AND INCOME DISTRIBUTION

What is income?

What generates income?

- Wages and salaries

- Income from investments

- Government welfare benefits

- Gifts and windfall income

What determines people's incomes?

TASK: READ HANDOUT "DO PLAYERS' WAGES DISGUST YOU"?

- Summarise the opinions by identifying 3 common views

- Why do you think elite sportsmen earn so much?

TASK: WHY ADULTS ARE PAID BIG BUCKS TO PLAY GAMES

WHAT DETERMINES PEOPLE'S INCOME?

From our task above what factors determine people's income.

The price of labour, that is the wage, are set by the forces of demand and supply and their interaction.

Demand for employees – if there is great demand for particular workers then wages will be higher

Supply of employees – if there is limited supply of particular workers then wages will be higher

Education levels – higher the education level required for job the higher the likely salary

Skills required – the greater the skill required the higher the likely income

Institutional factors – governments in Australia set minimum wages that affect wage levels

TASK: RANK THE OCCUPATIONS

Let's use the factors identified and see if it applies to jobs in Australia. Rank the following occupations in terms of what you think their average income is likely to be.

DOCTOR	OFFICE WORKER	SOFTWARE DESIGNER	TRUCK DRIVER
BANK TELLER	MINING ENGINEER	SHOP ASSISTANT	POLITICIAN
POLICEMAN	NURSE	PLUMBER	CHILD CARE WORKER
WAITER	CLEANER	SURGEON	ELECTRICIAN
JOURNALIST	CHIEF EXECUTIVE OF A LARGE COMPANY	SECRETARY	FACTORY WORKER
TEACHER	BUILDING CONTRACTOR	CHEF	SHOP OWNER

Explain how you come up with your ranking.

Why did you put your top occupation at number one?

Why did you put your bottom occupation last?
