

Economics and Business Level 7

Chapter 2 — Knowledge and Understanding: consumers, taxpayers and financial planning

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Consumer and business rights and responsibilities: law and ethics

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- VC2HE8K07.E01 — sorting rights and responsibilities into legal and ethical
- VC2HE8K07.E02 — legal rights for products and services: warranties, cooling-off periods and returns
- VC2HE8K07.E03 — business responsibilities: mandatory or voluntary standards, and recalls of unsafe products (*this elaboration carries VCAA's Sustainability cross-curriculum tags — VC2CCPSRD3 Responsible design and VC2CCPSFT1/2/3 Futures thinking — kept in scope, not excluded*)

Achievement standard: Levels 7–8 band, stated at the end of Level 8.

Theory

Two pairs of words we must define before we use them

A **right** is something you are allowed to have or do. A **responsibility** is something you are expected to do. Every trade in Australia — buying a snack, downloading an app, getting a haircut — sits inside those two words, and inside a second pair: **legal** and **ethical**.

Words we define before we use them

Legal is a word **the law defines**: the Australian Consumer Law gives it an exact meaning, good inside its own rules. In this section, *legal* is used in the sense given by the **Australian Consumer Law**, the Australia-wide consumer law explained by the Australian Competition and Consumer Commission (ACCC) [S1]. Other senses of the word exist and are not interchangeable with this one.

Ethical is a **contested** word: the Victorian Curriculum uses it but does not define it, and no single authority gets the last word. This section therefore treats *ethical* as **what people judge to be right and fair, even when the law is silent**, and every question here is answerable on that definition alone. One well-known check is the philosopher Immanuel Kant's (1785): act only by a rule you would want everyone to follow. It is a useful check on reasons, not a finished answer, and reasonable people still disagree at the edges. Figure 2 shows exactly that.

Figure 1 puts the four ideas together. Read it across (consumers / businesses) and down (rights / responsibilities), and notice the small tags: some items are **legal** (the law backs them up) and some are **ethical** (right and fair, whether or not the law says anything).

Rights and responsibilities: consumers and businesses

Legal items come from the law. Ethical items come from what people agree is right and fair.

CONSUMERS — RIGHTS

(what you can expect)

- Legal:** goods of acceptable quality that match their description
- Legal:** a repair, replacement or refund when goods are faulty
- Ethical:** honest answers from sellers about what they sell

CONSUMERS — RESPONSIBILITIES

(what is expected of you)

- Legal:** read an agreement before you sign it
- Ethical:** use products safely and follow the warning labels
- Ethical:** do not misuse return rules — for example, wearing shoes once and then returning them

BUSINESSES — RIGHTS

(what they can expect)

- Legal:** to be paid for what they sell
- Legal:** to set their own prices and store rules, where the law allows
- Ethical:** to have their good name protected from false claims

BUSINESSES — RESPONSIBILITIES

(what is expected of them)

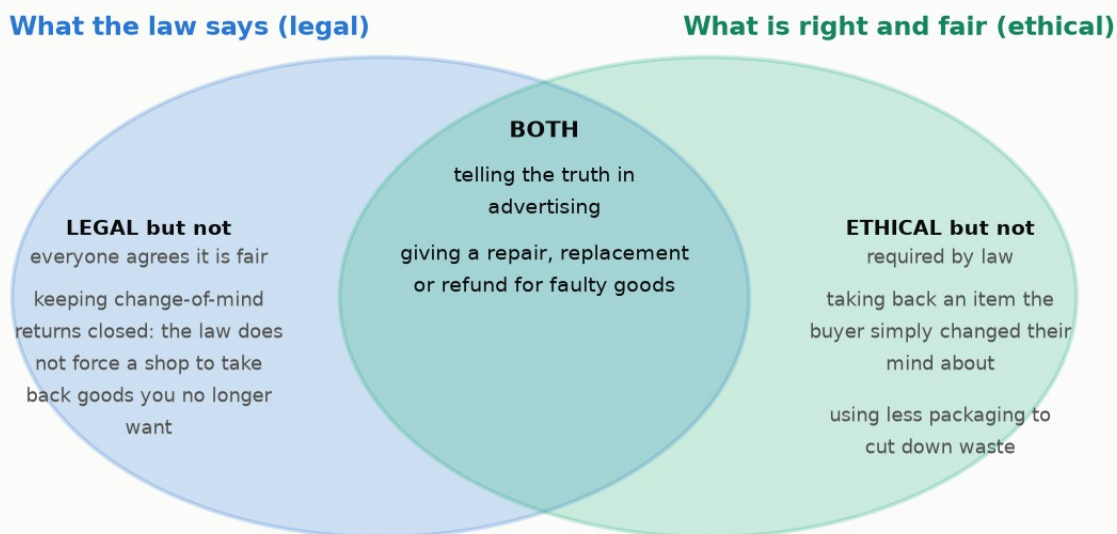
- Legal:** honour consumer guarantees and any warranty they give
- Legal:** act quickly when a product they sold is found to be unsafe
- Ethical:** think of customers, workers and the environment, not just profit

A right is something you are allowed to have or do. A responsibility is something you are expected to do.

A two-by-two grid. Across the top: consumers and businesses; down the side: rights and responsibilities. Each of the four cells lists examples tagged Legal or Ethical, such as the consumer's legal right to a repair, replacement or refund for faulty goods, and the business's ethical responsibility to think about customers, workers and the environment, not just profit.

Legal and ethical overlap, but they are not the same circle. Telling the truth in advertising is both. Some things are legal but not everyone agrees they are fair (a shop keeping change-of-mind returns closed is lawful). Some things are ethical but not required by law (taking back a change-of-mind item, or cutting packaging waste).

Legal and ethical: they overlap, but they are not the same thing



Some cases sit near the line, and people will not always agree about them.
That is why we define our words before we judge a case.

A Venn diagram of two overlapping circles. The left circle is “What the law says (legal)”, the right circle is “What is right and fair (ethical)”. The overlap, labelled **BOTH**, contains telling the truth in advertising and giving a repair, replacement or refund for faulty goods. The legal-only part contains keeping change-of-mind returns closed. The ethical-only part contains taking back an item the buyer simply changed their mind about, and using less packaging to cut down waste.

Two strong views exist about how big the ethical circle should be for businesses, and each deserves its strongest form:

- **View A — the law is the line.** The law is public, voted for, and the same for every business. Once a business follows it, it has met the rule everyone agreed to; adding unwritten duties on top makes the rules vague and applied unevenly.
- **View B — the law is only the floor.** The law is slow, and new harms appear faster than new laws. A business that only ever asks “is it legal?” can still cause real harm the law has not caught up with — so the ethical circle must reach beyond the legal one.

This section does not tell you which view to hold. It gives you the words to say *which* circle you are arguing from, and the facts to argue with.

The legal rights of consumers: the automatic consumer guarantees

Every time you buy something in Australia, the Australian Consumer Law adds a set of automatic promises to the deal, called the **consumer guarantees** [S1]. They are free, they cannot be removed, and they apply even when a seller says nothing about them. Figure 3 lists them for goods and for services.

The automatic consumer guarantees

These come with every purchase in Australia. They are free, and they cannot be removed.

When you buy GOODS

- Acceptable quality — safe, working, and lasting a reasonable time
- Matching their description — it is what the seller said it was
- Fit for the purpose the seller promised
- Matching any sample or demonstration model you saw
- Repairs and spare parts available for a reasonable time

When you buy SERVICES

- Done with care and skill
- Fit for the purpose you were told they would achieve
- Done within a reasonable time (or the time agreed)

A shop sign saying “no refunds” cannot take these away.

It is against the law for a business to mislead consumers about these rights.

Source: ACCC, “Consumer guarantees”, accc.gov.au (retrieved 26 August 2026).

Two panels. The left panel, “When you buy GOODS”, lists: acceptable quality (safe, working, and lasting a reasonable time); matching their description; fit for the purpose the seller promised; matching any sample or demonstration model; and repairs and spare parts available for a reasonable time. The right panel, “When you buy SERVICES”, lists: done with care and skill; fit for the purpose you were told they would achieve; and done within a reasonable time or the time agreed. A strip underneath says a shop sign saying “no refunds” cannot take these away.

A **warranty** is different: it is an *extra* promise a business or maker chooses to give, such as “we will fix this for 12 months” [S2]. Three rules matter:

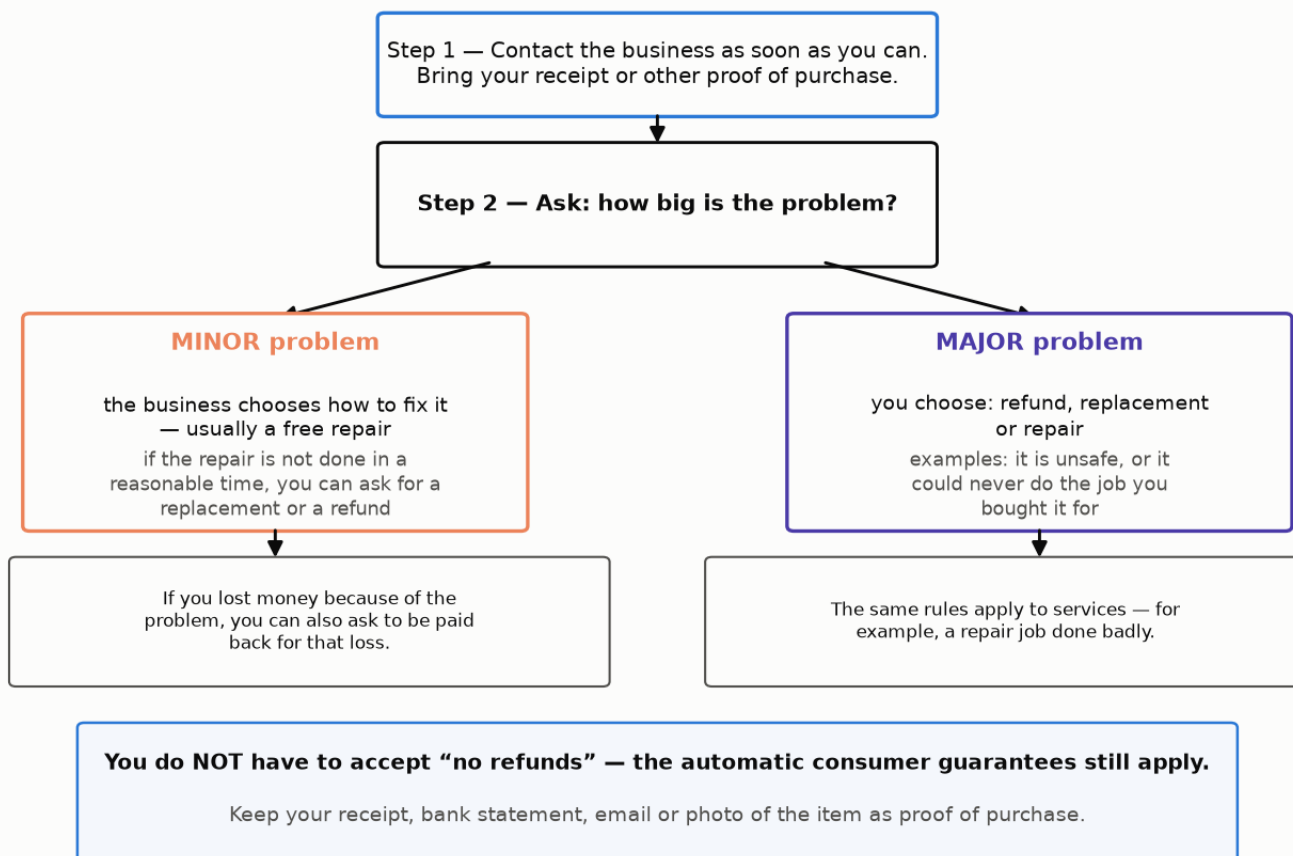
1. A business must honour any warranty it gives.
2. An extended warranty (extra cover you pay for) is optional — a business cannot pressure you into it or mislead you about it.
3. **A warranty running out does not end your legal rights.** The consumer guarantee of acceptable quality usually still applies after the warranty expires, because a \$1,200 laptop should last longer than a cheap one. “These basic rights can last longer than a business’s warranty” [S2].

When something goes wrong: remedies, returns and cooling-off

A **remedy** is the fix you can ask for: a repair, a replacement, a refund, or payment back for a loss you suffered. Which one applies depends on how big the problem is (Figure 4). If the problem is **major** — the item is unsafe, or it could never do the job you bought it for — *you* choose. If the problem is **minor**, the *business* chooses how to fix it, usually with a free repair — and if the repair is not done in a reasonable time, you can ask for a replacement or a refund instead [S1, S3].

When something you bought has a problem

The fix you can ask for depends on how big the problem is.



Based on: ACCC, “Problem with a product or service you bought”, and Consumer Affairs Victoria, “Rejecting and returning products” (both retrieved 26 August 2026).

A flow chart. Step 1: contact the business and bring your receipt or proof of purchase. Step 2: ask how big the problem is. A MINOR branch says the business chooses how to fix it, usually a free repair, and if the repair is not done in a reasonable time you can ask for a replacement or a refund. A MAJOR branch says you choose: refund, replacement or repair. Side boxes add: you can also be paid back for money the problem cost you, and the same rules apply to services. A strip underneath says you do NOT have to accept “no refunds”.

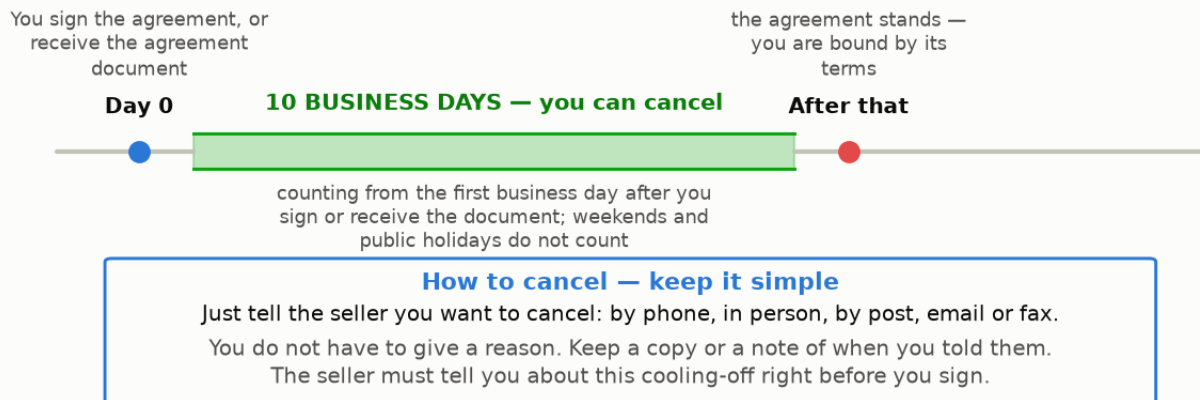
Returning a faulty product has a process [S6]:

- **Tell the business** what the problem is — you cannot just drop the item back and walk off.
- Return the item, or if returning it would cost a lot (a fridge, say), the business must collect it.
- **Missing the original packaging does not remove your rights.**
- Accepting a repair for a *major* problem does not make you lose your right to a refund or replacement if the repair fails.
- Your window to complain runs as long as you would reasonably expect the product to last — not just the warranty period.

Some agreements get a second chance too. If a seller contacts you out of the blue — at your door or by phone — and you sign an **unsolicited consumer agreement** for more than \$100 (an agreement you did not ask for), you get a **cooling-off period**: 10 **business** days in which you can cancel for any reason (Figure 5). Business days skip weekends and public holidays [S4, S5].

The cooling-off period for a door-to-door or telemarketing sale

Changed your mind about an agreement you did not ask for? You have 10 business days.



Applies to unsolicited consumer agreements over \$100 (e.g. a door-to-door or telemarketing sale you did not invite).

Source: ACCC, "Telemarketing and door-to-door sales", accc.gov.au (retrieved 26 August 2026).

A timeline. At Day 0 you sign the agreement or receive the agreement document. A green band of 10 BUSINESS DAYS follows, counting from the first business day after you sign or receive the document, with weekends and public holidays not counting; during the band you can cancel. After the band, the agreement stands and you are bound by its terms. A box below explains how to cancel: just tell the seller, by phone, in person, by post, email or fax; you do not have to give a reason; and the seller must tell you about this cooling-off right before you sign.

The responsibilities of businesses: standards and recalls

Businesses carry responsibilities on the other side of the counter. A **standard** is a written set of rules about how a product must be made, tested or described. Some standards are **mandatory** (the law says every product must meet them); some are **voluntary** (a business chooses to follow them and goes beyond the law). Figure 8 compares the two.

Mandatory and voluntary standards

A standard is a written set of rules about how a product must be made, tested or described.

Question	MANDATORY standards	VOLUNTARY standards
What is it?	A safety or information rule that products MUST meet before they can be sold in Australia.	A written set of rules a business CHOOSES to follow, going beyond what the law requires.
Who must follow it?	Every business that supplies the product — no exceptions.	Only the businesses that choose to adopt it.
Is it against the law to sell a product that fails it?	Yes. Supplying a product that fails a mandatory standard is against the law.	No. It may hurt a business's good name, but it is not against the law by itself.
When is one made?	Only when evidence shows a high risk of serious injury, serious illness or death.	Any time a group of businesses wants to lift quality or safety.
Examples	Safety rules for small parts in toys for children under 3; ingredient labels on cosmetics; care labels on clothing.	A toy maker testing its toys to a stricter safety level than the law requires, and saying so on the box.

Source: ACCC Product Safety, "Product safety standards and how to comply", productsafety.gov.au (retrieved 26 August 2026).

*A three-column comparison table of MANDATORY and VOLUNTARY standards. Rows: what is it (a rule products **MUST** meet before sale, versus a rule a business **CHOOSES** to follow beyond the law); who must follow it (every business, versus only those that choose to); is selling a failing product against the law (yes, versus no, though it may hurt a business's good name); when is one made (mandatory only when evidence shows a high risk of serious injury, serious illness or death; voluntary any time businesses want to lift quality or safety); examples (toy safety rules, ingredient labels on cosmetics, care labels on clothing, versus a toy maker testing above the legal level and saying so on the box).*

Supplying a product that fails a mandatory standard is against the law. Mandatory standards are only made when evidence shows a high risk of serious injury, serious illness or death — for example, the Australia-wide permanent ban on small high-powered magnets (sold under names such as BuckyBalls and Neocubes) after children were badly injured by swallowing them [S7, S9].

When a product already in homes turns out to be unsafe, the tool is a **recall**: the product is pulled from homes and shops, and consumers get a refund, a replacement or a fix. Figure 6 shows the process.

How a product safety recall works

When a product is found to be unsafe, it is pulled from homes and shops as fast as possible.

1. A problem is found

The business, a customer, or a regulator finds that the product could cause injury.

2. The business starts the recall

The business tells consumers and tells the Commonwealth Minister within 2 days. The ACCC publishes the recall.

3. Consumers hear about it

Recalls are listed on the Product Safety Recalls Australia website, and in news and store notices.

4. You act

Stop using the product. Return it or dispose of it safely. You get a refund, replacement or a fix.

If a business does NOT act

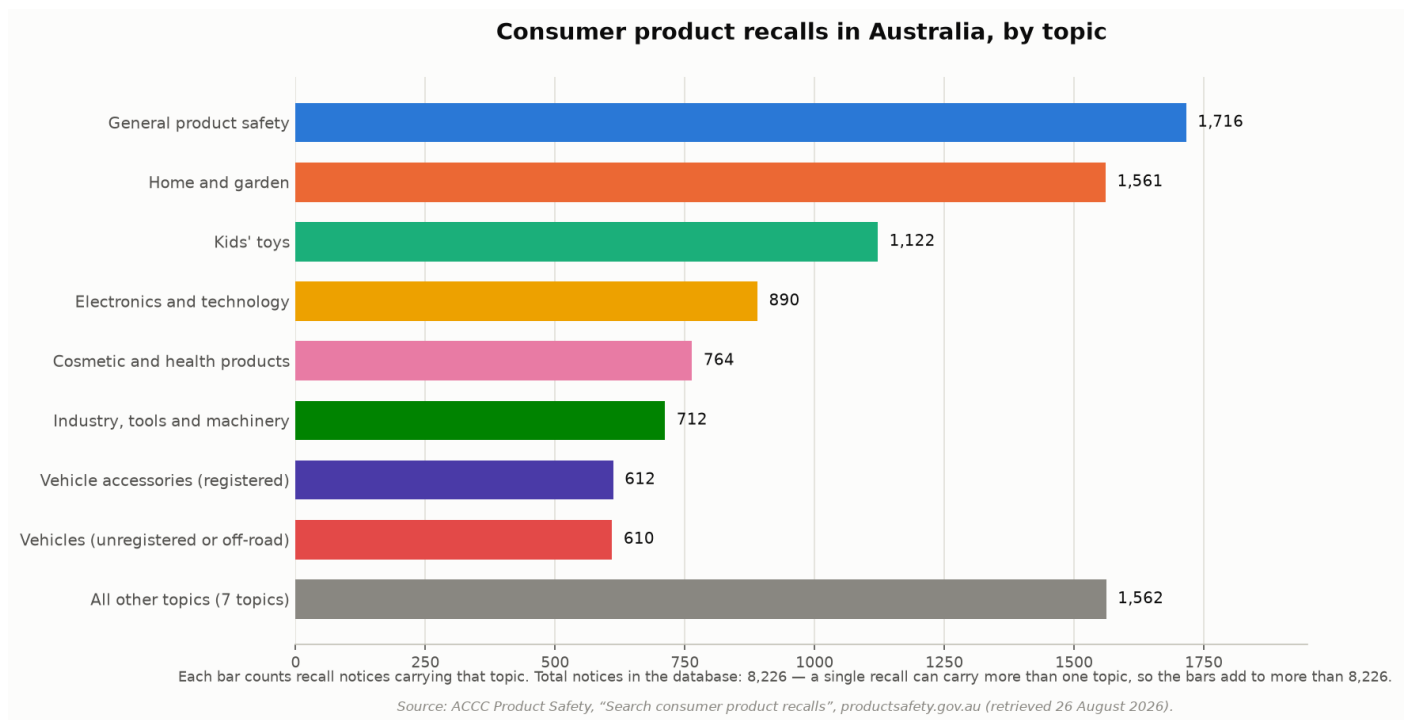
the Commonwealth Minister can order a compulsory recall: the product is collected, repaired or destroyed. Almost all recalls are started by businesses themselves — of the 8,226 notices in the recall database, only 4 are listed as compulsory.

Businesses that fail to report a serious injury or death within 2 days can be fined.

Sources: ACCC Product Safety, "Recalls and the role of government", and "Search consumer product recalls", productsafety.gov.au (retrieved 26 August 2026).

A four-step flow chart of a product safety recall. 1: a problem is found by the business, a customer or a regulator. 2: the business starts the recall, tells consumers and tells the Commonwealth Minister within 2 days, and the ACCC publishes the recall. 3: consumers hear about it on the Product Safety Recalls Australia website and in news and store notices. 4: you act — stop using the product, return it or dispose of it safely, and get a refund, replacement or fix. A red box adds: if a business does NOT act, the Minister can order a compulsory recall, and of the 8,226 notices in the recall database only 4 are listed as compulsory.

Almost all recalls are started by businesses themselves. The biggest exception is the **Takata airbag recall**, the most significant compulsory recall in Australia's history: more than four million faulty airbag inflators were affected, leading to more than three million vehicle recalls [S7]. The recall database itself is a real dataset you can read (Figure 7).



A horizontal bar chart titled “Consumer product recalls in Australia, by topic”. Bars, with counts: General product safety 1,716; Home and garden 1,561; Kids’ toys 1,122; Electronics and technology 890; Cosmetic and health products 764; Industry, tools and machinery 712; Vehicle accessories (registered) 612; Vehicles (unregistered or off-road) 610; and All other topics (7 topics) 1,562. A footnote explains that each bar counts recall notices carrying that topic, the database holds 8,226 notices, and a single recall can carry more than one topic, so the bars add to more than 8,226.

The law backs all of this up with real money: a person who breaks these rules can face penalties up to \$2,500,000, and a business up to \$50,000,000 or more for the most serious breaches; a business that fails to report a recall or a serious injury within 2 days can also be fined [S10].

The sustainability connection (.E03’s VCAA tags: Responsible design, Futures thinking). Some of these rules are quietly about the future. The guarantee that **repairs and spare parts** must be available for a reasonable time means products are designed and supported to last — a repaired toaster is not landfill. A business that *chooses* (voluntarily) to take back old products, cut packaging, or test above the mandatory standard is acting inside the ethical circle: its choices now shape the world later generations inherit. That is futures thinking in a consumer law — and it is also where View A and View B above genuinely disagree, because none of it is required by law.

Worked examples

Example 1 — scaffolded

Sort each statement into the right cell of Figure 1, and tag it **legal** or **ethical**.

Working	Comment
(a) “I expect a refund if my purchase is faulty.”	A consumer right. The consumer guarantees back it up → legal .
(b) “We will fix or replace anything we sell that fails.” (a business’s promise)	A business responsibility it must honour — and if it is a warranty the business gave, the law says honour it → legal .
(c) “I will use this product safely and follow the warning label.”	A consumer responsibility. No law forces you to read the label, but it is what is expected of you → ethical (and sometimes legal too if misuse causes harm).
(d) “We design our packaging to be as small as we can, even though the law does not say so.”	A business responsibility it chose → ethical .

Example 2 — scaffolded

Zoe buys headphones for \$120 with a 6-month warranty. At 8 months, one ear goes silent. The shop says: “Warranty’s over. Nothing we can do.” Is the shop right?

Working	Comment
The warranty has expired, so the <i>warranty</i> cannot help Zoe.	Warranties are the business’s own promise [S2].
But the consumer guarantees are separate, and they usually still apply after a warranty expires.	“These basic rights can last longer than a business’s warranty” [S2].
\$120 headphones going half-silent at 8 months is not acceptable quality for the price.	The guarantee: safe, working, and lasting a reasonable time [S1].
One silent ear means the headphones cannot do their main job → a major problem → Zoe chooses refund, replacement or repair.	Figure 4: major = you choose.
The shop is wrong. Zoe can go back and choose her remedy.	A “warranty over” sign cannot remove the guarantees.

Example 3 — scaffolded

Use Figure 7.

Working	Comment
(a) Biggest single topic: General product safety, 1,716 notices .	Read the longest named bar.
(b) General product safety minus Kids’ toys: $1,716 - 1,122 = 594$.	Careful subtraction with commas in the way.
(c) The bars do not add up to 8,226 because one recall can carry more than one topic (a faulty kids’ toy counts under “Kids’ toys” <i>and</i> “General product safety”).	The footnote says exactly this. Counts overlap.
(d) Only 4 of the 8,226 notices are compulsory.	Almost every recall is started by the business itself; the Minister orders the rare compulsory one.

Example 4 — unscaffolded

A door-to-door seller visits Mia on **Tuesday 7 April 2026** and she signs an agreement for \$240. That evening she regrets it. What is the **last day** she can cancel, and how should she do it?

Solution sketch (full working in the solutions section): the 10 business days start on the first business day *after* she signs or receives the document — Wednesday 8 April. Counting only weekdays (no public holidays in the window), day 10 lands on **Tuesday 21 April 2026**. Mia can cancel by simply telling the seller — by phone, in person, by post, email or fax — with no reason needed.

Practice questions

Scaffolded

Q1. For each statement, say (i) consumer or business, (ii) right or responsibility, and (iii) legal or ethical. (a) “I expect honest answers about what I am buying.” (b) “We must be paid for what we sell.” (c) “We act quickly when a product we sold is found to be unsafe.” (d) “I will not wear shoes for a month and then return them as ‘new’.”

Q2. Tick the items that are **automatic consumer guarantees** (goods or services), and cross the ones that are not. (a) done with care and skill (b) the cheapest price in town (c) matching the description the seller gave (d) a free gift with every purchase (e) repairs and spare parts available for a reasonable time

Q3. Minor or major? For each, say who chooses the remedy (you or the business). (a) A phone that will not charge at all, two days after purchase. (b) A small scratch on the back of a microwave that heats normally. (c) Shoes that come apart after one week of normal wear.

Q4. True or false, about the cooling-off period. Fix the false ones. (a) The 10 business days include Saturdays and Sundays. (b) You can cancel by email. (c) Every agreement you sign gets a cooling-off period.

Q5. Mandatory or voluntary standard? (a) ingredient labels on cosmetics (b) a toy maker testing its toys above the legal level and saying so on the box (c) care labels on clothing (d) a business promising to use less packaging than the law asks for

Q6. Your bike helmet appears on the Product Safety Recalls Australia website. (a) What should you do first? (b) What do you get from the business? (c) Who can order a compulsory recall if the business will not act?

Unscaffolded

Q7. Dana paid \$400 for a scooter. In the first week of normal riding, the brake fails. The shop says: “We’ll repair it. That’s it.” Advise Dana in 3–4 sentences: is this minor or major, who chooses the remedy, and does a “no refunds” sign in the shop change anything?

Q8. A shop’s counter sign reads: “Warranty expired — no refunds.” Using what you know about warranties and consumer guarantees, explain in 3–4 sentences how this sign can mislead a customer about their **legal** rights.

Q9. A business discovers a product it sells could cause injury. Give **one legal reason** and **one ethical reason** to start a recall quickly. Label which is which, and say what the Commonwealth Minister can do if the business does nothing.

Q10. Explain in 3–4 sentences how (i) the repairs-and-spare-parts guarantee and (ii) one voluntary choice by a business (for example, smaller packaging or a take-back scheme for old products) each cut waste. Finish with one sentence on why this is a “futures” idea — about people who are not yet buying anything at all.

Extended response (Chapter 2)

A small Australian online shop sells cheap toys. The toys meet every mandatory standard. The shop wraps every order in several layers of new plastic, and its website says “we do not accept change-of-mind returns — all sales final.” A customer writes: “This shop is behaving badly.” The shop replies: “We have broken no law.”

Write a response of about one page that analyses this exchange. You must:

1. define *legal* and *ethical* the way this section does (say what kind of word each is — defined by the law, or contested);
2. identify one assumption hidden in the customer’s claim and one hidden in the shop’s reply;

3. steelman both positions — write each in the strongest form its own side would accept (View A: the law is the line; View B: the law is only the floor);
4. use at least **two** facts from this section (for example: change-of-mind returns are not a legal right; mandatory standards; voluntary standards; the packaging example in Figure 2);
5. reach your own conclusion and say which circle — legal or ethical — your judgement is standing in.

Marking guide (marks the reasoning, not the conclusion): 1 mark each for: both terms defined with their kind (law-defined / contested); customer's assumption surfaced; shop's assumption surfaced; View A stated in its strongest form; View B stated in its strongest form; two section facts used accurately; conclusion stated; conclusion's circle named and one limitation of the chosen view acknowledged. **8 marks.** Two students reaching opposite conclusions can both score 8/8.

Answers

Q1. (a) consumer, right, ethical (honest answers sit in the ethical circle; misleading conduct is also against the law, so it touches both). (b) business, right, legal. (c) business, responsibility, legal. (d) consumer, responsibility, ethical.

Q2. Guarantees: (a), (c), (e). Not guarantees: (b), (d) — price promises and free gifts are marketing, not law.

Q3. (a) major — you choose. (b) minor — the business chooses (usually a free repair or fix). (c) major — you choose.

Q4. (a) False — business days skip weekends and public holidays. (b) True. (c) False — only unsolicited consumer agreements over \$100 (sales you did not ask for, like door-to-door or telemarketing).

Q5. (a) mandatory. (b) voluntary. (c) mandatory. (d) voluntary.

Q6. (a) Stop using the helmet and follow the recall notice (return it or dispose of it as told). (b) A refund, replacement or fix. (c) The Commonwealth Minister.

Q7. A brake failing in week one is a major problem — the scooter is unsafe and cannot do its job — so **Dana chooses** refund, replacement or repair; the shop cannot force “repair only”. A “no refunds” sign cannot remove the automatic consumer guarantees.

Q8. A warranty is only an extra promise; the consumer guarantees are separate law and usually still apply after a warranty expires. A faulty item within its reasonable life still earns a remedy, so “warranty expired — no refunds” misleads customers about rights the law gives them. It is unlawful to mislead consumers about these rights.

Q9. Legal reason: supplying an unsafe product can break the law (mandatory standards, recall-reporting rules) and bring penalties up to millions of dollars. Ethical reason: people trust the product not to hurt them; doing the right thing by customers is right even before any fine arrives. If the business does nothing, the Minister can order a **compulsory recall**.

Q10. (i) The repairs-and-spare-parts guarantee means broken goods are fixed and kept in use, not thrown away. (ii) A voluntary choice like smaller packaging or a take-back scheme means less new material and less landfill. Futures idea: these choices now leave a cleaner, less wasteful world for people who are not yet old enough to buy anything.

Extended response. No model answer — marks are for the reasoning steps in the marking guide. A strong response defines *legal* as a word the law defines (the Australian Consumer Law’s sense) and *ethical* as contested (right and fair, defined here because the curriculum does not); notes the customer’s hidden assumption (that “badly” and “against the law” are the same circle) and the shop’s hidden assumption (that the legal circle is the only circle that matters); steelmans View A (clear, equal, agreed rules; vague extra duties apply unevenly) and View B (law is slow; harm exists before laws catch up); uses facts such as “change-of-mind returns are not a legal right” and “voluntary standards exist precisely to go beyond the law”; and names which circle the final judgement stands in.

Fully-worked solutions

Q1. Work through Figure 1’s two questions in order: *whose* is it, and *is it something you expect (right) or something expected of you (responsibility)*? Then the tag: does the **law** back it (legal), or is it about **right and fair** beyond the law (ethical)? (a) A consumer expecting honesty: a right; honesty sits mainly in the ethical circle, though actively misleading a buyer is also against the law — so “ethical (touching both)” is the careful tag. (b) Being paid: a business right written into contract law → legal. (c) Acting quickly on unsafe products: something expected of the business, backed by recall law and penalties → legal. (d) Not misusing returns: something expected of the consumer that no law writes down → ethical.

Q2. Check each item against Figure 3’s two lists. (a) “care and skill” is the first services guarantee. (c) “matching description” is a goods guarantee. (e) “repairs and spare parts” is a goods guarantee. (b) and (d) appear nowhere in the law’s lists — a shop may promise them, but then they are the shop’s own promise, not a guarantee.

Q3. Apply Figure 4’s Step 2. (a) A phone that will not charge can never do the job it was bought for → major → you choose. (b) A scratch on a microwave that still heats is a small fault in a working product → minor → the business

chooses the fix. (c) Shoes falling apart in a week of normal wear are nowhere near acceptable quality for even a cheap price → major → you choose.

Q4. (a) False: “business days” is the point — weekends and public holidays do not count. (b) True: cancel by phone, in person, post, email or fax. (c) False: the period belongs to **unsolicited** consumer agreements over \$100 — sales you did not invite, at your door or by phone — not to agreements you went out and made yourself.

Q5. Mandatory means the law requires it and selling a failing product is against the law: (a) and (c) — both are listed mandatory information standards. Voluntary means chosen, going beyond the law: (b) and (d).

Q6. (a) Figure 6, Step 4: stop using the helmet; return it or dispose of it as the notice says. (b) A refund, replacement or fix. (c) The Commonwealth Minister (the rare compulsory recall — 4 of the 8,226 notices).

Q7. Step 1: the brake failing in week one of normal use makes the scooter unsafe and unfit for its job → **major** problem. Step 2: for a major problem the **consumer chooses** between refund, replacement and repair, so the shop’s “we’ll repair it, that’s it” is not the shop’s choice to make. Step 3: the “no refunds” sign changes nothing — the automatic guarantees apply anyway, and misleading a consumer about them is itself against the law. Dana should go back (or write), state the problem, and name the remedy she chooses.

Q8. Line 1: a warranty is an extra promise a business gives; the consumer guarantees are separate and automatic. Line 2: the guarantees usually keep applying after the warranty expires — a product must still last a reasonable time for its price. Line 3: so a customer with a faulty item inside its reasonable life can still be owed a repair, replacement or refund even with an “expired warranty”. Line 4: the sign therefore misleads people about legal rights they still hold — and misleading consumers about those rights is unlawful.

Q9. Legal reason: the business must meet mandatory standards and recall-reporting rules; supplying an unsafe product or sitting silent can bring penalties (up to \$2.5 million for a person, \$50 million or more for a business), so acting quickly is what the law demands. Ethical reason: customers bought the product trusting it not to hurt them; putting people’s safety before the cost of a recall is the right and fair thing to do even if no fine ever landed. If the business does nothing, the Commonwealth Minister can order a compulsory recall — the product is collected, repaired or destroyed whether the business likes it or not.

Q10. (i) The repairs-and-spares-parts guarantee makes repair possible for a reasonable time, so a broken product is fixed and keeps working instead of becoming rubbish — the law itself pushes longer-lasting design. (ii) A voluntary choice — smaller packaging, or taking old products back — is a business stepping into the ethical circle to cut new material and landfill beyond anything the law demands. Futures sentence: both mean the people buying today leave a less wasteful world for the customers of the future — which is exactly what “futures thinking” on the sustainability tag means.

Example 4 (full working). Mia signs on Tuesday 7 April 2026, so the count starts on the first business day after: **Wednesday 8 April = day 1**. Week 1: the 8th, 9th and 10th (days 1–3). Week 2: the 13th to the 17th (days 4–8). Week 3: the 20th (day 9) and **the 21st (day 10)**. (No public holidays fall in the window — Easter was early April and Anzac Day, 25 April, is after it.) The last day Mia can cancel is **Tuesday 21 April 2026**. To cancel she simply tells the seller — by phone, in person, by post, email or fax — and she does not have to give a reason. She should keep a note or copy of when she told them.

Sources

- [S1] ACCC, “Consumer guarantees”, accc.gov.au (retrieved 26 August 2026).
- [S2] ACCC, “Warranties”, accc.gov.au (retrieved 26 August 2026).
- [S3] ACCC, “Problem with a product or service you bought”, accc.gov.au (retrieved 26 August 2026).
- [S4] ACCC, “Telemarketing and door-to-door sales”, accc.gov.au (retrieved 26 August 2026).
- [S5] Consumer Affairs Victoria, “Unsolicited consumer agreements”, consumer.vic.gov.au (retrieved 26 August 2026).
- [S6] Consumer Affairs Victoria, “Rejecting and returning products”, consumer.vic.gov.au (retrieved 26 August 2026).

- [S7] ACCC Product Safety, “Recalls and the role of government” and “Banned products”, productsafety.gov.au (retrieved 26 August 2026).
- [S8] ACCC Product Safety, “Search consumer product recalls”, productsafety.gov.au (retrieved 26 August 2026).
- [S9] ACCC Product Safety, “Product safety standards and how to comply”, productsafety.gov.au (retrieved 26 August 2026).
- [S10] ACCC, “Fines and penalties”, accc.gov.au (retrieved 26 August 2026).

Shopping smart and staying safe from financial scams

Curriculum trace — Strand: Knowledge and Understanding · Sub-strand: Consumer and financial literacy
· Levels 7 and 8

Content description: VC2HE8K08 (Levels 7 and 8)

Elaborations (post-exclusion ids):

- VC2HE8K08.E01 — Scamwatch research: listing financial scams and turning the list into a warning brochure or poster
- VC2HE8K08.E02 — the idea of “smart shopping” and what makes a shopper smart
- VC2HE8K08.E03 — the Consumer Affairs Victoria site: buying online safely, what to do about a faulty product or a poor service, refund and return rights, and help with energy
- VC2HE8K08.E04 — the ATO site: keeping your identity secure against scams

Achievement standard: Levels 7–8 band, stated at the end of Level 8.

Theory

The big question, and two words we must define first

This section is built around the band’s key question: **What counts as a financial scam, and which scams are people facing right now?** To answer it we need two words pinned down before we use them.

A **consumer** is a person who buys goods or services for their own use. Every time you buy a lunch, an app or a pair of shoes, you are the consumer in that deal.

A word we define before we use it

The Victorian Curriculum uses the term *smart consumer* but does not define it. This section therefore treats a *smart consumer* as **someone who checks before they buy, knows the warning signs of a scam, and knows what to do when something goes wrong**, and every question here is answerable on that definition alone.

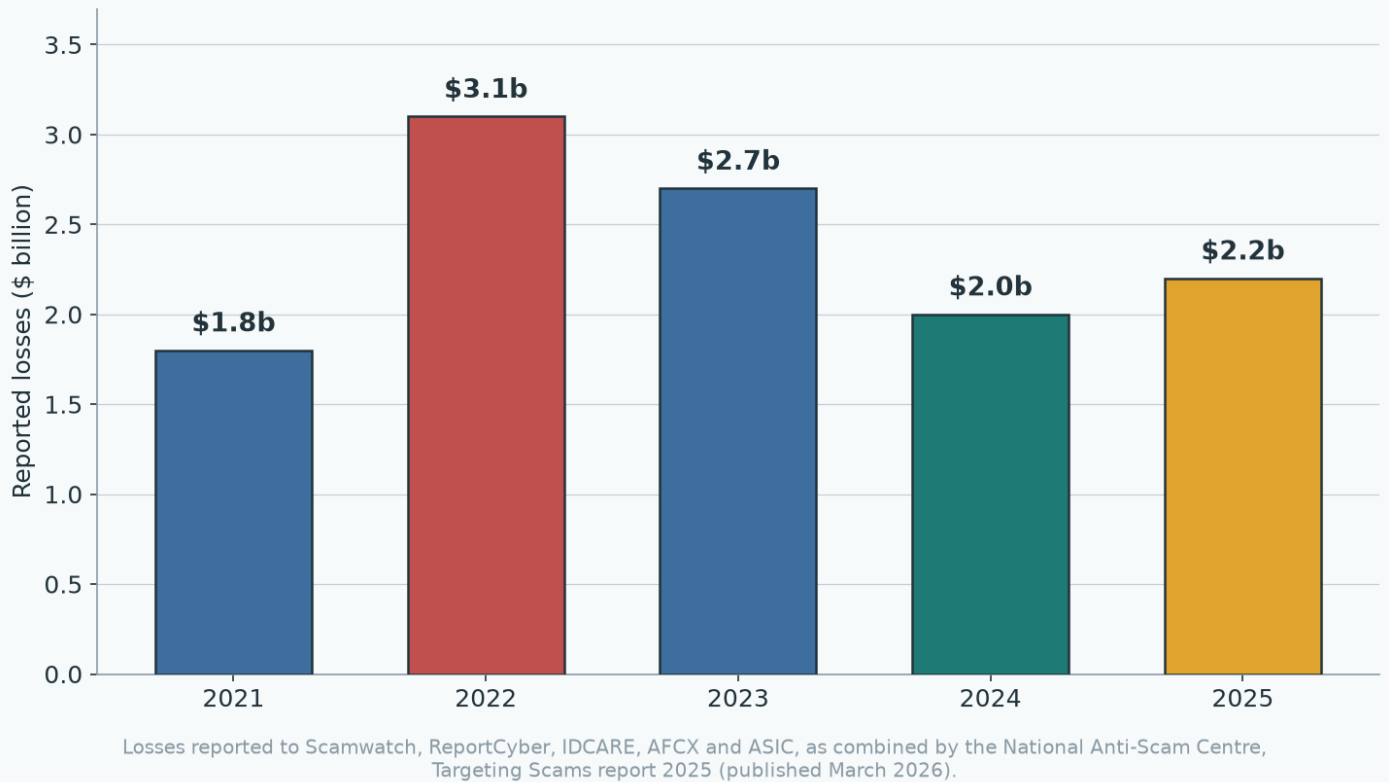
A **scam** is a trick that steals from you. Scamwatch, Australia’s national anti-scam website, describes it this way: someone gets you to hand over money or your personal details by making you believe something that is not true [S1]. A **financial scam** is a scam where the thing being stolen is money, banking details, or personal details that can be turned into money.

The trick in every scam is the same shape: the scammer wants you to act before you think. So the whole of this section is one habit — **check before you act** — practised in four places: spotting scams, shopping, shopping online, and protecting your personal details.

How big is the problem?

Scams are not small. In 2025, Australians reported losing **\$2.2 billion** to scams [S2]. Figure 1 shows the reported losses for the last five years.

Scam losses reported in Australia, 2021 to 2025



A bar chart titled *Scam losses reported in Australia, 2021 to 2025*. The bars show reported losses in billions of dollars: 2021 \$1.8b, 2022 \$3.1b, 2023 \$2.7b, 2024 \$2.0b, 2025 \$2.2b. A note says the losses were reported to Scamwatch, ReportCyber, IDCARE, AFCX and ASIC, and combined by the National Anti-Scam Centre.

Three facts from the same report [S2]:

- Reports are rising fast in some areas: reports of **job scams** more than doubled in 2025.
- Most people lose small amounts: the middle (median) loss reported to Scamwatch was **\$400**. A few very large losses — most of them investment scams — push the total into the billions.
- Many people do not report at all, so the real total is higher than the reported one.

And one fact from Scamwatch that explains why reporting matters [S1]: **1 in 3 people who have been scammed have been scammed more than once**. Scammers keep lists of people who paid once. Reporting a scam warns others and helps shut the trick down.

Ten scams to know

Scamwatch groups scams by how they reach you and what they pretend to be [S1]. Figure 2 lists ten common types in Australia today, each with a one-line description.

Ten common scam types in Australia

What does each one look like?

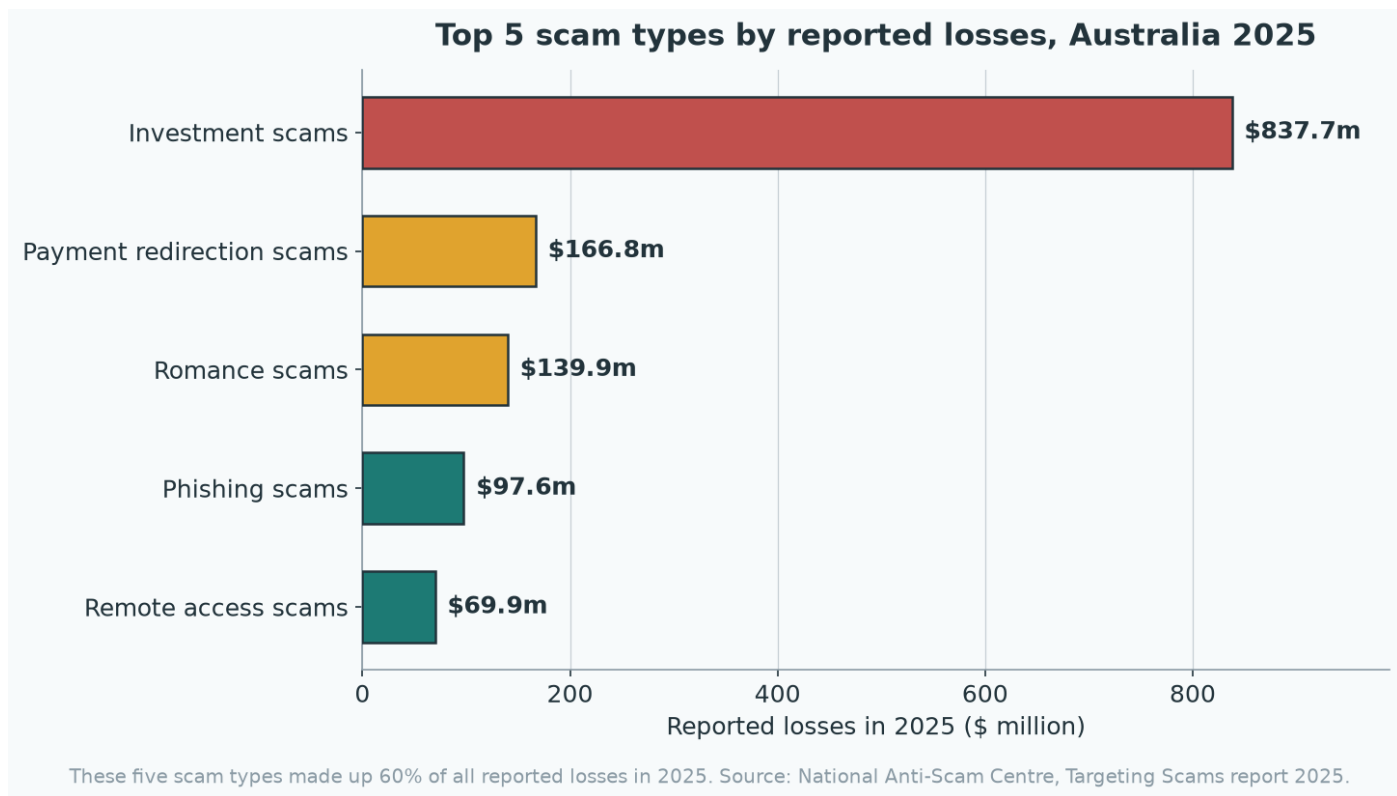
1	Phone scams	A caller pretends to be from a bank or the government and asks for money or personal details.
2	Text or SMS scams	A text with a link, pretending to be from a company, a bank or a government agency.
3	Email scams	A fake email that looks real, trying to get your passwords or banking details.
4	Online shopping scams	A fake store, or a product that never arrives, or is nothing like the photo.
5	Investment scams	A fake plan to 'grow your money fast', often through apps or websites that are not real.
6	Romance scams	A scammer builds a fake friendship or relationship online, then asks for money.
7	Job scams	A fake job offer that asks you to pay money first, or to give bank details to 'get paid'.
8	Remote access scams	A caller talks you into letting them take control of your phone or computer.
9	Payment redirection scams	A real-looking invoice with changed bank details, so your payment goes to a scammer.
10	Unexpected money scams	You are told you won a prize or a refund, but must pay a fee first to get it.

Source: the 'Types of scams' page on the Scamwatch website (scamwatch.gov.au), read 26 August 2026.

A table titled *Ten common scam types in Australia* with ten numbered rows. 1 *Phone scams*: a caller pretends to be from a bank or the government and asks for money or personal details. 2 *Text or SMS scams*: a text with a link, pretending to be from a company, a bank or a government agency. 3 *Email scams*: a fake email that looks real, trying to get your passwords or banking details. 4 *Online shopping scams*: a fake store, or a product that never arrives, or is nothing like the photo. 5 *Investment scams*: a fake plan to grow your money fast, often through apps or websites that are not real. 6 *Romance scams*: a scammer builds a fake friendship or relationship online, then asks for money. 7 *Job scams*: a fake job offer that asks you to pay money first, or to give bank details to get paid. 8 *Remote access scams*: a caller talks you into letting them take control of your phone or computer. 9 *Payment redirection scams*: a real-looking bill with changed bank details, so your payment goes to a scammer. 10 *Unexpected money scams*: you are told you won a prize or a refund, but must pay a fee first to get it.

Which types cost the most? Figure 3 shows the five scam types with the biggest reported losses in 2025 [S2].

Investment scams are by far the largest: they alone took more money than all the other top five types added together.



*A horizontal bar chart titled **Top 5 scam types by reported losses, Australia 2025**. Investment scams \$837.7m, payment redirection scams \$166.8m, romance scams \$139.9m, phishing scams \$97.6m, remote access scams \$69.9m. A note says these five scam types made up 60% of all reported losses in 2025.*

Phishing is the trick of sending fake emails, texts or websites that look real, to fish your passwords and card details out of you — the name is a subject term from fishing, with an added *ph* [S1].

Spotting a scam: Stop. Check. Protect.

Scamwatch teaches one national answer to a possible scam: **Stop. Check. Protect.** [S1]. Figure 4 shows the three actions and the five warning signs that usually come first.

Stop. Check. Protect.

Australia's national way to answer a possible scam

1 STOP

Pause. Do not rush, even if the message says you must act now.

2 CHECK

Is it real? Look up the real number or website yourself.
Do not use the link in the message.

3 PROTECT

Do not share money, passwords or personal details.
Report the scam to Scamwatch so others are warned.

Warning signs that something is a scam

- ✓ It arrives when you are not expecting it
- ✓ It pressures you to hurry
- ✓ It looks like it comes from someone you trust
- ✓ It asks for money or personal details
- ✓ The deal looks too good to be true

Scamwatch: 'Always stop and check before you act.'

A poster titled *Stop. Check. Protect.* Three panels: 1 *STOP* — pause, do not rush, even if the message says you must act now. 2 *CHECK* — is it real? Look up the real number or website yourself; do not use the link in the message. 3 *PROTECT* — do not share money, passwords or personal details; report the scam to Scamwatch so others are warned. Below, a box lists five warning signs: it arrives when you are not expecting it; it pressures you to hurry; it looks like it comes from someone you trust; it asks for money or personal details; the deal looks too good to be true.

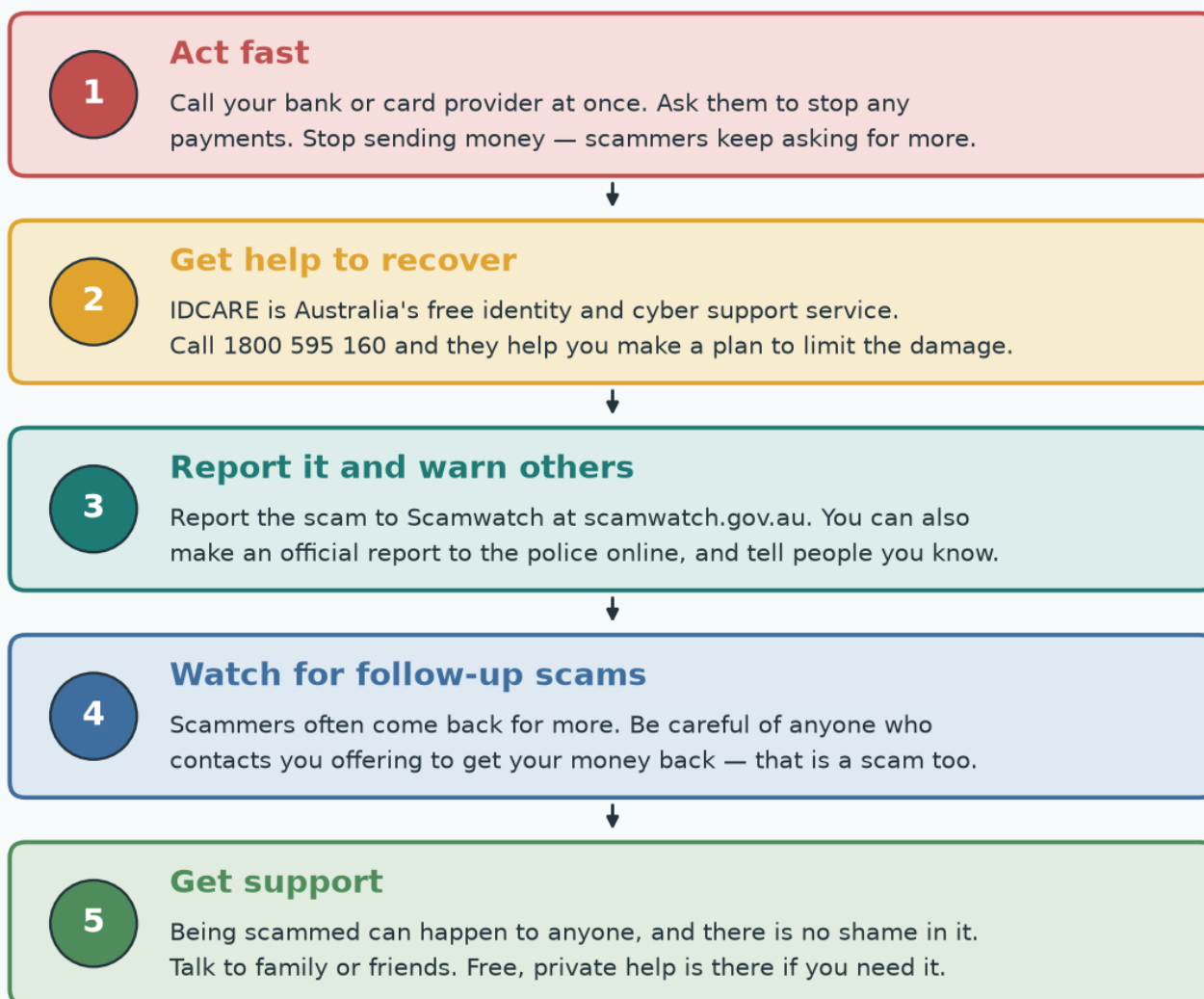
Notice what the five warning signs have in common: they all try to **skip your checking step** — with surprise, hurry, trust, or a deal that feels like luck. The Stop step is the cheapest defence in this whole section: it costs nothing and it works against every scam type in Figure 2, because every scam needs you to act before you check.

If you do get scammed

Being scammed can happen to anyone, and Scamwatch is clear that **there is no shame in it** [S1]. What matters is acting fast. Figure 5 shows the five steps Scamwatch lists for what to do if you think you have been scammed.

Been scammed? Five steps to act now

Act straightaway to limit the damage



Source: the 'What to do if you've been scammed' page on the Scamwatch website, read 26 August 2026.

*A flow of five numbered steps titled **Been scammed? Five steps to act now**. 1 **Act fast** — call your bank or card provider at once and ask them to stop any payments; stop sending money, because scammers keep asking for more. 2 **Get help to recover** — IDCARE is Australia's free identity and cyber support service, phone 1800 595 160, and they help you make a plan to limit the damage. 3 **Report it and warn others** — report the scam to Scamwatch at scamwatch.gov.au, make an official report to the police online, and tell people you know. 4 **Watch for follow-up scams** — scammers often come back for more, and anyone offering to get your money back for a fee is running a scam too. 5 **Get support** — being scammed can happen to anyone and there is no shame in it; talk to family or friends, and free private help is there if you need it.*

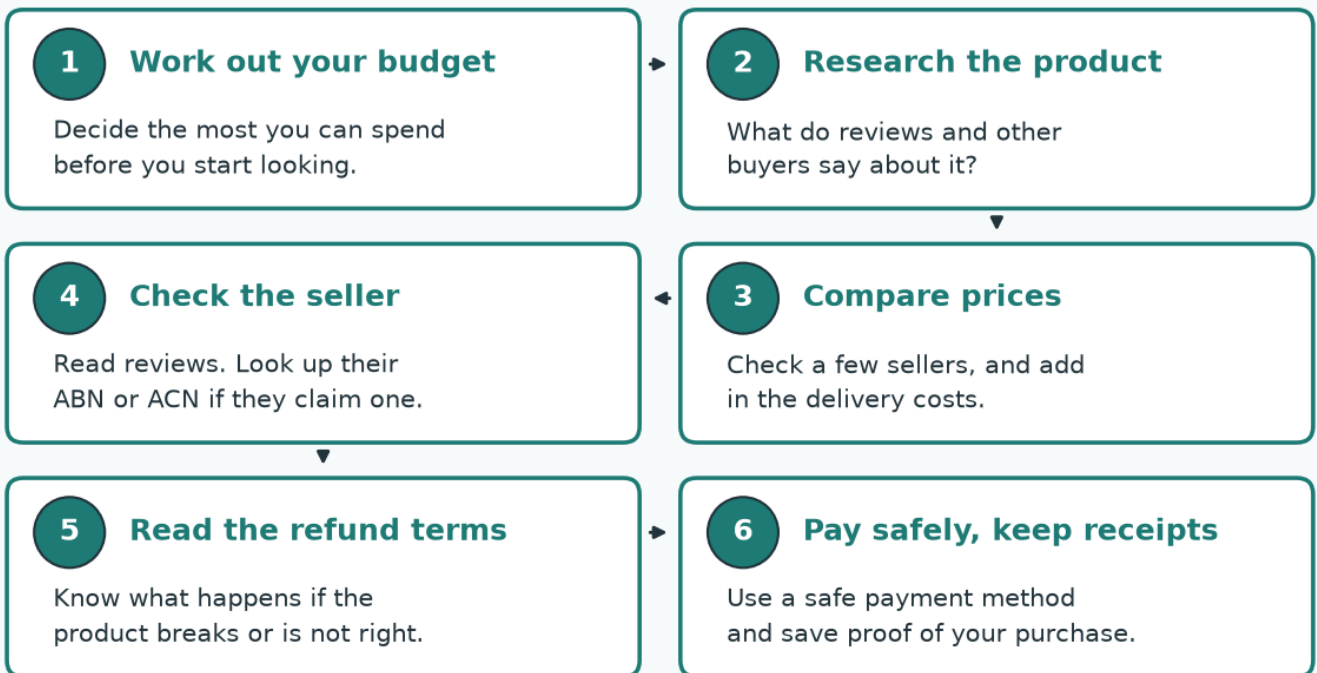
Step 4 names a trick most people never expect: **recovery scams**, where the same person (or a new scammer with the same list) comes back pretending to help you get your money back — for a fee. This is why the reporting in Step 3 matters: it gets the trick onto Scamwatch's warning list.

Smart shopping

A **smart shopper** is a smart consumer in a shop or on a website: someone who compares before they buy. Figure 6 gives the six-step routine.

The smart shopper's routine

Six steps before you part with your money



A flow of six numbered boxes titled The smart shopper's routine. 1 Work out your budget — decide the most you can spend before you start looking. 2 Research the product — what do reviews and other buyers say about it? 3 Compare prices — check a few sellers, and add in the delivery costs. 4 Check the seller — read reviews; look up their ABN or ACN if they claim one. 5 Read the refund terms — know what happens if the product breaks or is not right. 6 Pay safely, keep receipts — use a safe payment method and save proof of your purchase.

Two terms in Step 4 need defining. An **ABN** (Australian Business Number) is the number a business registers with the Australian Taxation Office, and an **ACN** (Australian Company Number) is the same idea for a company. A real business can be looked up by its number; a fake store cannot. Step 3 hides the most common mistake in shopping: comparing **price tags** instead of **total costs**. Delivery, fees and extras are part of what you pay. Figure 7 works this through with one product at three shops.

Worked example: which shop is really cheapest?

The same headphones sold by three online shops

Shop	Price	Delivery	Total cost
Shop A	\$59.00	\$8.95	\$67.95
Shop B	\$64.50	Free	\$64.50 lowest total
Shop C	\$57.20	\$12.00	\$69.20

Working: total cost = price + delivery

$\$59.00 + \$8.95 = \$67.95$ $\$64.50 + \$0.00 = \$64.50$ $\$57.20 + \$12.00 = \$69.20$

The smallest price tag is not always the best deal

Shop C has the smallest price tag, but once delivery is added it is the most expensive. Shop B is cheapest overall at \$64.50. Always compare the TOTAL cost before you buy.

An original example made for this book — the shops and prices are invented for practice.

A table titled *Worked example: which shop is really cheapest? The same headphones at three online shops*. Shop A: price \$59.00, delivery \$8.95, total \$67.95. Shop B: price \$64.50, delivery free, total \$64.50, marked lowest total. Shop C: price \$57.20, delivery \$12.00, total \$69.20. A working strip shows $\$59.00 + \$8.95 = \$67.95$, $\$64.50 + \$0.00 = \$64.50$, $\$57.20 + \$12.00 = \$69.20$. A note says the smallest price tag is not always the best deal.

Buying online safely

Consumer Affairs Victoria (CAV) is the Victorian government body that looks after consumers, and its website lists safety tips for buying online [S3]. Figure 8 gives the five tips.

Shopping online: five safety tips

From the Consumer Affairs Victoria website

1

Know who you are buying from

Check the seller's reviews and look up their ABN or ACN.
Read the refund rules before you pay.

2

Check the site is secure

Look for https:// and a padlock in the web address before
you pay or type in any of your details.

3

Pay in a safe way

A credit card or PayPal gives you more ways to get your money
back than a bank transfer. Keep your receipts.

4

Know exactly what you are buying

Check the total cost, including delivery, in Australian dollars.
Watch for extra items already added to your order.

5

Protect your personal details

Only give the details a seller needs to send the product.
Check how the site will use your information.

Source: the 'Safety tips for buying online' page on the Consumer Affairs Victoria website, read 26 August 2026.

A list of five numbered tips titled Shopping online: five safety tips, from the Consumer Affairs Victoria website. 1 Know who you are buying from — check the seller's reviews and look up their ABN or ACN; read the refund rules before you pay. 2 Check the site is secure — look for https:// and a padlock in the web address before you pay or type in any of your details. 3 Pay in a safe way — a credit card or PayPal gives you more ways to get your money back than a bank transfer; keep your receipts. 4 Know exactly what you are buying — check the total cost including delivery in Australian dollars; watch for extra items already added to your order. 5 Protect your personal details — only give the details a seller needs to send the product; check how the site will use your information.

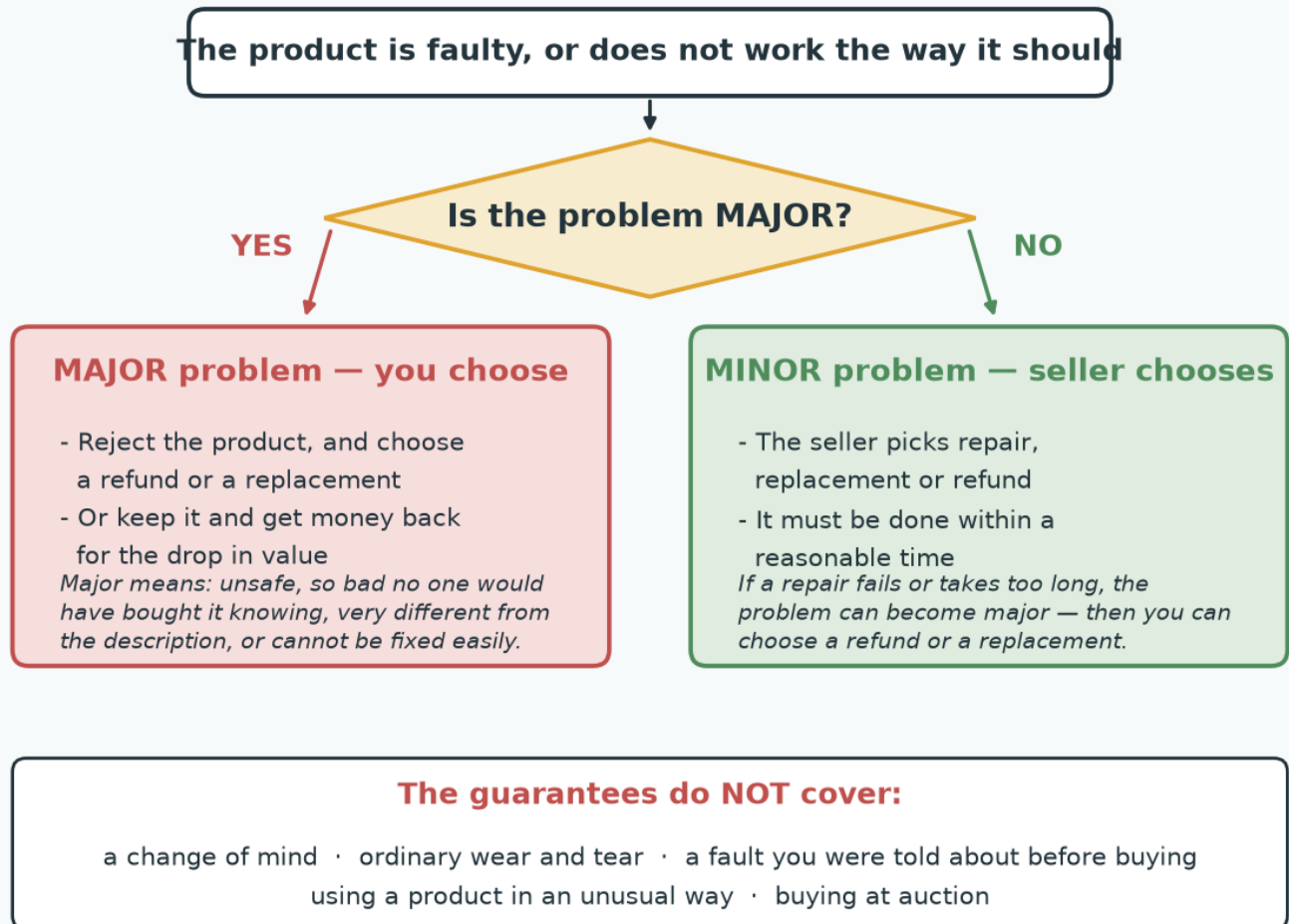
The reason behind Tip 3 is simple: some payment methods can be traced and reversed if something goes wrong, and a straight bank transfer to a stranger usually cannot. That is a strategy, not a rule of law — the law's safety net is the next topic.

When a product or service goes wrong

Section 2A taught the law here: the **consumer guarantees** are automatic promises the law adds to every purchase from a business — the product must be of acceptable quality, do what it should, and match its description. Figure 9 shows the smart consumer's version of that law: what to do when something you bought has a problem.

When a product you bought has a problem

Consumer guarantees apply automatically when you buy from a business in Australia



Source: the 'Faulty products' and consumer guarantees pages on the Consumer Affairs Victoria website, read 26 August 2026.

A decision diagram titled *When a product you bought has a problem*. A box says the product is faulty, or does not work the way it should, and asks: *is the problem major?* The YES branch, *major problem*, says you choose: reject the product and choose a refund or a replacement, or keep it and get money back for the drop in value; a note explains *major means unsafe, so bad no one would have bought it knowing, very different from the description, or cannot be fixed easily*. The NO branch, *minor problem*, says the seller chooses repair, replacement or refund, and it must be done within a reasonable time; a note says *if a repair fails or takes too long the problem can become major*. A strip below lists what the guarantees do not cover: a change of mind, ordinary wear and tear, a fault you were told about before buying, using a product in an unusual way, and buying at auction.

The same ideas apply when a **service** is unsatisfactory — a haircut that ruins your hair, a repair that breaks the thing it fixed. CAV's advice is: tell the business what went wrong, point to the consumer guarantees, and ask for the fix you are owed; if the business says no, CAV can help you take the next step [S3]. A “no refunds” sign does not remove the guarantees — that is law, and it cannot be switched off by a sign (Section 2A).

CAV also publishes plain-language help for **energy** products and services [S3]: free price comparison services to check whether your electricity or gas deal is a good one, and a free service to help resolve a problem with an energy retailer. Energy is just another purchase: compare before you sign, and know your rights when it goes wrong.

Keeping your identity safe: the ATO

Your **identity details** — your name, date of birth, bank details and especially your **tax file number (TFN)** — are worth money to a scammer, because they can be used to steal from you or to pretend to be you. The Australian

Taxation Office (ATO) publishes guidance on scams and identity security [S4], and scammers love pretending to be the ATO because the tax office sounds scary. Figure 10 lists the things the real ATO says it will *never* do.

The ATO will never do these things

If someone does any of these, it is a scam pretending to be the tax office



Threaten to arrest you right away



Ask for your TFN, bank details or myGov login in an email or text



Send you a link or QR code you were not expecting



Ask you to pay with gift cards, cryptocurrency or cash



Charge you a fee to give you a refund



Cancel your TFN



Stop you from speaking to a tax agent

Not sure if a call or message is real?

Hang up, then phone the ATO yourself on 1800 008 540 to check.

Worried someone has used your personal details? Phone 1800 467 033 for help.

Source: the scams and identity-safety pages of the Australian Taxation Office website (ato.gov.au), read 26 August 2026.

A poster titled The ATO will never do these things, with seven crossed-out rows: threaten to arrest you right away; ask for your TFN, bank details or myGov login in an email or text; send you a link or QR code you were not expecting; ask you to pay with gift cards, cryptocurrency or cash; charge you a fee to give you a refund; cancel your TFN; stop you from speaking to a tax agent. A green panel says: not sure if a call or message is real? Hang up, then phone the ATO yourself on 1800 008 540 to check. An amber panel says: worried someone has used your personal details? Phone 1800 467 033 for help.

Two terms in that list need defining. **Cryptocurrency** is digital money that is not run by any bank or government; because payments in it are hard to reverse and hard to trace, scammers ask for it. **Gift cards** are store cards you buy with cash; reading out a gift card's numbers to a caller is the same as handing them cash with no receipt. Both are red flags because they remove the trace — the exact thing a smart consumer keeps (Step 6 of Figure 6: keep receipts).

The ATO's last piece of advice is the same habit as everywhere else in this section: if a contact might be fake, **do not use the number or link it gives you** — hang up, look up the real number yourself, and check [S4]. Checking is the strategy. That is the whole section in one word.

Worked examples

Example 1 — scaffolded

Use Figure 7. A student wants the headphones. Show, with working, which shop gives the best deal.

Working	Comment
Shop A: $\$59.00 + \$8.95 = \$67.95$	The price tag is not the cost. Delivery is part of what you pay.
Shop B: $\$64.50 + \$0.00 = \$64.50$	“Free delivery” means the total equals the price tag.
Shop C: $\$57.20 + \$12.00 = \$69.20$	The smallest price tag here gives the biggest total.
Compare $\$67.95$, $\$64.50$, $\$69.20 \rightarrow$ Shop B	Always compare totals, not price tags.

Example 2 — scaffolded

A text arrives: “Congrats! You have won a \$500 gift card. Pay a \$50 fee today and it is yours.” Name the scam type and show the Stop. Check. Protect. answer.

Working	Comment
Type: unexpected money scam (Figure 2, row 10)	You cannot win a prize you never entered.
Stop: you did not expect this; it says <i>today</i>	Two warning signs at once — surprise and hurry.
Check: no real prize scheme asks for a fee first	The “fee” is the trick; the prize is the bait.
Protect: do not pay, do not click; report it to Scamwatch	Reporting warns the next person.

Example 3 — scaffolded

New headphones, out of the box: the left side is silent. The shop says it will repair them and that is all. Is the problem major or minor, and who chooses the fix?

Working	Comment
The headphones cannot do the job they were bought for $\rightarrow$ Major problem (Figure 9, YES branch)	A buyer who knew this would never have bought them. Not the shop’s choice to make.
You choose: refund or replacement (or keep them plus money back for the drop in value)	The consumer guarantees are law; “repair only” is not the shop’s call.

Example 4 — unscaffolded

Use Figure 3 and Figure 1. (a) Which scam type caused the most reported losses in 2025? (b) About how many times bigger were its losses than romance scam losses? (c) The five types in Figure 3 made up 60% of all reported losses. Add the five values and use the 60% to estimate the total losses for 2025. Compare your estimate with Figure 1.

Solution sketch (full working in the solutions section): (a) investment scams. (b) about 6 times. (c) the five add to about \$1,312 million; divided by 0.6 that is about \$2,186 million $\approx$ **\$2.2 billion**, matching Figure 1’s 2025 bar.

Practice questions

Scaffolded

Q1. Match each story to a scam type from Figure 2. (a) A “bank” number calls and asks you to read out your card number to “protect” your money. (b) A website sells sneakers at half price; the money goes, the shoes never do. (c) A text from “the post office” says a parcel is waiting behind a link. (d) A stranger online becomes a close friend over two months, then needs money for a flight.

Q2. List three of the five warning signs from Figure 4.

Q3. Fill the gaps: **Stop** means pause and do not _____, even if the message says you must act now. **Check** means look up the real number or website _____, not using the link in the message. **Protect** means do not share money, _____ or personal details, and report the scam to _____.

Q4. The same sneakers at three shops: Shop X \$89.00 + \$9.90 delivery; Shop Y \$95.00 + free delivery; Shop Z \$87.50 + \$6.00 delivery. Work out each total and name the best deal.

Q5. Major or minor? For each, say who chooses the fix (you or the seller). (a) A new bike's frame cracks on the first ride. (b) A new T-shirt has one loose thread but fits and wears fine. (c) A phone you bought last week will not charge at all.

Q6. From Figure 10: (a) name two things the real ATO will never do; (b) a caller claims to be the ATO and sounds scary. What is the safe way to check who they are? (c) which number helps if you think someone has used your identity details?

Unscaffolded

Q7. Explain in 2–3 sentences why “the smallest price tag is not always the best deal”, using your own example with your own numbers (not the headphones or the sneakers).

Q8. Your grandfather gets a call: his grandson is “in trouble”, and he must buy gift cards *now* and read out the numbers. Use Stop. Check. Protect. to write 3–4 sentences of advice for him.

Q9. A friend wants to buy a phone from a website they have never heard of. Using Figure 8, list three checks they should make before paying, and say in one sentence why paying by card is safer than a bank transfer to a stranger.

Q10. In a small group: choose two scam types from Figure 2 and design a poster or one-page fact sheet that shows what each scam looks like and how people can steer clear of it. It must include the scam's warning signs and one line on what to do if it happens.

Extended response (Chapter 2)

“If people were more careful, scams would not be a problem.” Discuss this view in 6–8 sentences. In your answer: say what “careful” would have to mean; give the strongest form of the view that individuals are responsible; give the strongest form of the opposite view — that banks, phone companies and governments also carry responsibility; use at least two facts from this section; and end with your own reasoned judgement.

Marking guide (marks the reasoning, not the conclusion): 1 mark each for: *smart consumer / careful* defined; the claim's hidden assumption surfaced (that scams succeed only because of carelessness); the individual-responsibility view stated in its strongest form; the shared-responsibility view stated in its strongest form; two section facts used accurately (for example: \$2.2 billion reported lost in 2025; recovery scams target people already scammed; reporting warns others; the ATO's “will never” list shows scammers supply the trick, not the victim's care); a reasoned conclusion stated; one limitation of the chosen view acknowledged. **7 marks.** Two students reaching opposite conclusions can both score 7/7.

Answers

Q1. (a) phone scam. (b) online shopping scam. (c) text or SMS scam (phishing). (d) romance scam.

Q2. Any three of: it arrives when you are not expecting it; it pressures you to hurry; it looks like it comes from someone you trust; it asks for money or personal details; the deal looks too good to be true.

Q3. Rush; yourself; passwords; Scamwatch.

Q4. X: \$98.90; Y: \$95.00; Z: \$93.50 → **Shop Z** is the best deal, even though Y's price tag is the one with "free delivery" and Z's price tag is the smallest only after the delivery is added.

Q5. (a) major — you choose. (b) minor — the seller chooses. (c) major — you choose.

Q6. (a) Any two of the seven, e.g. it will never threaten to arrest you; it will never ask you to pay with gift cards, cryptocurrency or cash. (b) Hang up and phone the ATO yourself on 1800 008 540 to check — never use a number the caller gives you. (c) 1800 467 033.

Q7. Answers vary. A good answer gives two shops where the cheaper tag ends up more expensive once fees or delivery are added, with correct totals.

Q8. A good answer: Stop — do not act on the hurry; Check — hang up and ring the grandson on his usual number to check he is fine; Protect — never read out gift card numbers, and report the call to Scamwatch.

Q9. Any three of the five tips in Figure 8 (check the seller's reviews and ABN/ACN; look for https and the padlock; check the total cost in Australian dollars including delivery; watch for extra items added to the order; give only the details the seller needs). The sentence: card payments can be traced and reversed if something goes wrong; a bank transfer to a stranger usually cannot.

Q10. Group work — check the poster against Figure 2 (correct scam type and description), Figure 4 (warning signs) and Figure 5 (what to do).

Extended response. No model answer — marks are for the reasoning steps in the marking guide. A strong response defines *careful* on this section's definition (checks before acting, knows the warning signs, knows what to do next); surfaces the hidden assumption (that every scam is stopped by individual care); puts the individual view in its strongest form (care is free, instant and under your control; the Stop step blocks most tricks); puts the shared view in its strongest form (scammers are criminals who adapt, and banks, phone companies and platforms carry the money and the messages, so blocking fake numbers and tracing payments stops scammers victims cannot see coming); uses two facts accurately; and names one limit of its own conclusion.

Fully-worked solutions

Example 1 (full working). Total cost = price + delivery. Shop A: $59.00 + 8.95 = \$67.95$. Shop B: $64.50 + 0.00 = \$64.50$. Shop C: $57.20 + 12.00 = \$69.20$. Comparing the three totals, Shop B is cheapest. Notice the trap: Shop C looks cheapest on price tags ($\$57.20 < \$59.00 < \$64.50$) and is actually the biggest total once delivery is counted.

Example 2 (full working). The message fits Figure 2 row 10 exactly: unexpected money, a fee before the prize. Warning signs present: surprise (you were not expecting it), hurry ("today"), too good to be true (\$500 for a \$50 fee). Stop: pause and do nothing yet. Check: real giveaways do not charge the winner; look up the company yourself if curious — never through the message's link. Protect: pay nothing, click nothing, and report the message to Scamwatch so the trick goes on the warning list. Verdict: scam, unexpected-money type.

Example 3 (full working). Step 1, size the problem: headphones with one silent side cannot do the job they were bought for, and no buyer who knew would have bought them — that is a **major** problem on Figure 9's YES branch (and a brand-new product failing out of the box is not wear and tear). Step 2, who chooses: for a major problem **you** choose — refund, replacement, or keep them plus money back for the drop in value. Step 3, the shop's offer: "repair only" is the *minor*-problem rule, and even then the repair must be done in a reasonable time; the shop cannot choose it for a major problem. So the student can refuse the repair-only offer and name the remedy they choose.

Example 4 (full working). (a) The longest bar in Figure 3 is **investment scams**, \$837.7 million. (b) $\$837.7 \text{ million} \div \$139.9 \text{ million} \approx 5.99$, so about **6 times** the romance scam losses. (c) Adding the five bars: $837.7 + 166.8 + 139.9 + 97.6 + 69.9 = 1,311.9$ (million). If that is 60% of the total, then total = $1,311.9 \div 0.6 \approx 2,186.5$ million $\approx$ **\$2.2 billion** — the same as Figure 1’s 2025 bar. The chart and the 60% note agree, which is what a careful reader checks.

Q4 (full working). Shop X: $89.00 + 9.90 = \$98.90$. Shop Y: $95.00 + 0.00 = \$95.00$. Shop Z: $87.50 + 6.00 = \$93.50$. The best deal is **Shop Z**. (Shop Z also has the smallest price tag here, but the point stands only because the totals were calculated: Y’s “free delivery” is not enough to beat Z’s lower total.)

Sources

All sources are real government or government-backed referents named by the curriculum. Every page below was checked and still live at build time (26 August 2026).

- **[S1]** Scamwatch (scamwatch.gov.au), Australia’s national anti-scam website, run by the Australian Competition and Consumer Commission — ‘Types of scams’, warning-signs and ‘Stop. Check. Protect.’ material, ‘What to do if you’ve been scammed’ (including the IDCARE line 1800 595 160). Read 26 August 2026.
- **[S2]** National Anti-Scam Centre, *Targeting Scams* report 2025 (published March 2026) — the 2021–2025 loss series, the top-five scam types by 2025 losses, the 60% share, the doubled job-scam reports and the \$400 median Scamwatch loss. Read 26 August 2026.
- **[S3]** Consumer Affairs Victoria (consumer.vic.gov.au) — ‘Safety tips for buying online’, faulty products and consumer guarantees pages, and the energy help pages (price comparison and resolving a problem with an energy retailer). Read 26 August 2026.
- **[S4]** Australian Taxation Office (ato.gov.au) — scams, cyber safety and identity protection pages, including the ‘will never’ list and the check line 1800 008 540 and the identity-support line 1800 467 033. Read 26 August 2026.

How Australia's tax system works and what the money funds

Chapter 2 · Section 2C · Economics and Business 7 · Victorian Curriculum 2.0 (Levels 7–8 band)

Key question: What rights do I have as a taxpayer, and what are my responsibilities?

Content description: VC2HE8K09 (Levels 7 and 8)

This section draws on elaborations .E01–.E04 of VC2HE8K09 (codes only; the tasks below name the elaboration each one leans on).

Theory

1. Why governments collect money at all

Think about what a government pays for in a single year: public schools and the teachers in them, public hospitals and visits to the doctor, roads and railways, the defence force, police, and money for people who need it — like the aged pension, or support for families who are out of work. Nobody sends you a bill for these things the way a shop does, yet all of them cost a great deal of money. **Tax** is how that money is collected: a tax is a compulsory payment to the government, and the total money the government collects in taxes is called its **taxation revenue** (Source 8).

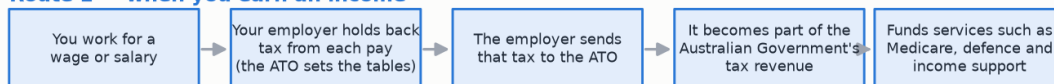
Because everyone uses these services in some way, everyone who earns or spends in Australia helps pay for them. This section follows one income year in the life of a young Australian to show how, when and why you pay tax, and what happens to the money after it is collected.

2. Two routes: tax when you earn, and tax when you spend

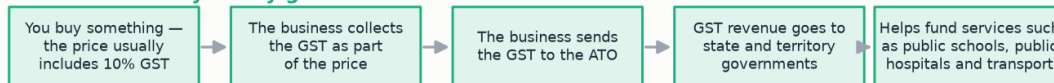
There are two main ways tax money travels from you to the government.

Two routes by which tax money reaches government

Route 1 — when you earn an income



Route 2 — when you buy goods or services



Some people pay no income tax because their income is under the tax-free threshold (\$18,200 in 2026-27) — but almost everyone pays some GST when they spend money.

Two routes by which tax money reaches government. Route 1, when you earn an income: you work for a wage or salary; your employer holds back tax from each pay (the ATO sets the tables); the employer sends that tax to the ATO; it becomes part of the Australian Government's tax revenue; and it funds services such as Medicare, defence and income support. Route 2, when you buy goods or services: you buy something and the price usually includes 10% GST; the business collects the GST as part of the price; the business sends the GST to the ATO; the GST revenue goes to state and territory governments; and it helps fund services such as public schools, public hospitals and transport. A note adds that some people pay no income tax because their income is under the tax-free threshold (\$18,200 in 2026-27), but almost everyone pays some GST when they spend money.

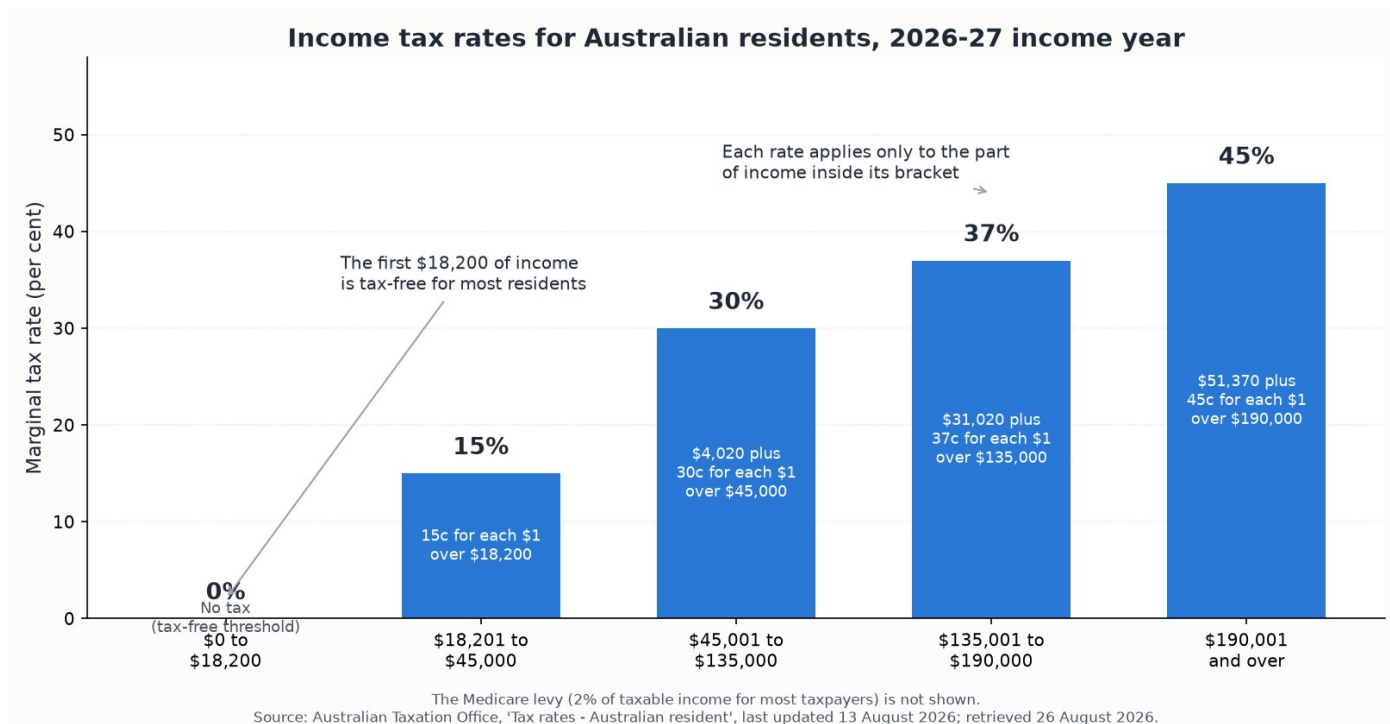
Route 1 — income tax. When you work for a wage or salary, you pay **income tax** on what you earn. You do not send it in yourself each week: your employer holds back part of every pay and sends it straight to the **Australian Taxation Office (ATO)**, the government office that runs the tax system (Source 3). This holding-back is called **withholding**, and the money held back is shown on your pay slip as “tax withheld”.

Route 2 — the GST. When you buy most goods and services, the price already includes the **goods and services tax (GST)**, a tax of 10% on most things sold or consumed in Australia (Source 7). The business collects the GST inside the price and sends it to the ATO, and the Australian Government then passes the GST revenue on to the state and territory governments, which use it for services such as schools, hospitals and transport (Source 9). Some items are **GST-free** — for example, most basic foods (Source 7).

There are also smaller taxes you meet without noticing: an **excise** is a tax on particular goods made in Australia, such as the fuel, tobacco and alcohol in a purchase, and a **customs duty** is a tax on goods brought into the country (Source 8).

3. Income tax: a ladder of rates

Income tax is not one flat percentage of your whole income. The income year’s income is split into slices called **brackets**, and each slice is taxed at its own rate — the **marginal tax rate** for that slice. The ladder for Australian residents in the 2026-27 income year is shown below (Source 1).



Step chart of income tax rates for Australian residents, 2026-27 income year. 0% on \$0 to \$18,200 (no tax, the tax-free threshold); 15% on \$18,201 to \$45,000 (15c for each \$1 over \$18,200); 30% on \$45,001 to \$135,000 (\$4,020 plus 30c for each \$1 over \$45,000); 37% on \$135,001 to \$190,000 (\$31,020 plus 37c for each \$1 over \$135,000); 45% on \$190,001 and over (\$51,370 plus 45c for each \$1 over \$190,000). Notes on the chart: the first \$18,200 of income is tax-free for most residents, and each rate applies only to the part of income inside its bracket. A second note says the Medicare levy (2% of taxable income for most taxpayers) is not shown.

Two ideas matter. First, the bottom slice — the first \$18,200 — is tax-free for most residents: this is the **tax-free threshold**. Second, a higher rate only ever touches the slice of income inside that bracket. Someone earning \$50,000 does **not** pay 30% on all of it; they pay 0% on the first \$18,200, 15% on the slice from \$18,201 to \$45,000, and 30% only on the small top slice from \$45,001 to \$50,000. The amount of income the rates are applied to is called **taxable income**.

On top of income tax, most taxpayers also pay the **Medicare levy** of 2% of their taxable income, which helps fund Australia’s public health system (Source 1).

4. Before and during your first job: the tax file number

You do not need a job to get a **tax file number (TFN)** — you can apply at any age, it is free, and once you have one it is yours for life (Source 2). A TFN is your personal reference number in the tax and superannuation systems — superannuation (“super”) is the workplace savings scheme that pays for people’s retirement. The number is usually nine digits, and it is how the ATO keeps your pay, your withheld tax and your bank interest in one place.

When should you apply? The sensible answer is *before* you need it: apply online through the ATO website, and when you start a job you give your TFN to your employer on a form called a **TFN declaration** (Sources 2 and 3). Why does it matter? If you do not give your employer a TFN, the employer must hold back **more** tax from your pay than the normal tables — so handing over your TFN is one of a young worker’s first responsibilities, and getting it is one of the services the ATO provides to you (Source 2).

5. Reading a pay slip

Once you are working, every pay comes with a pay slip. Here is a model one for a fictional bakery assistant working 40 hours a fortnight at \$30 an hour.

MODEL PAY SLIP — for classroom use only (not a real pay slip)

Employer: Riverbend Bakery (fictional)

Employee: A. Student

Fortnight ending 14 August 2026 (40.0 hours worked)

Gross pay (40.0 hours × \$30.00)	\$1,200.00
Tax withheld by employer (includes Medicare levy)	– \$99.00
Take-home pay	\$1,101.00

So far this year: gross \$4,800.00 tax withheld \$396.00

If this kept up for a full year (26 fortnights):

gross income ≈ \$31,200

income tax on \$31,200 = 15% of the amount over \$18,200 = \$1,950

Medicare levy = 2% of \$31,200 = \$624 → total ≈ \$2,574 a year

\$2,574 ÷ 26 fortnights ≈ \$99 withheld each fortnight

Amounts modelled from the ATO 2026-27 resident tax rates and the 2% Medicare levy (retrieved 26 August 2026).

A real pay slip also shows leave, super fund details and pay rates.

Model pay slip, for classroom use only. Employer: Riverbend Bakery (fictional); employee: A. Student; fortnight ending 14 August 2026, 40.0 hours worked. Gross pay (40.0 hours at \$30.00) \$1,200.00; tax withheld by employer (includes Medicare levy) minus \$99.00; take-home pay \$1,101.00. So far this year: gross \$4,800.00, tax withheld \$396.00. Working shown: if this kept up for a full year (26 fortnights) gross income is about \$31,200; income tax on \$31,200 is 15% of the amount over \$18,200, which is \$1,950; Medicare levy is 2% of \$31,200, which is \$624; total about \$2,574 a year; \$2,574 divided by 26 fortnights is about \$99 withheld each fortnight.

Three lines do the work. **Gross pay** is what you earned before anything is taken out. **Tax withheld** is what the employer held back and sent to the ATO for you, using the ATO’s tax tables (Source 3). **Take-home pay** is what actually lands in your bank account. A real pay slip also shows year-to-date totals — the running sum since 1 July — and other things such as leave and your super fund.

Notice the maths at the bottom of the model slip: the \$99 is not a guess. Over a year this job pays about \$31,200, the income tax on that is \$1,950 (15% of the amount over \$18,200), the Medicare levy is \$624, and \$2,574 spread over 26

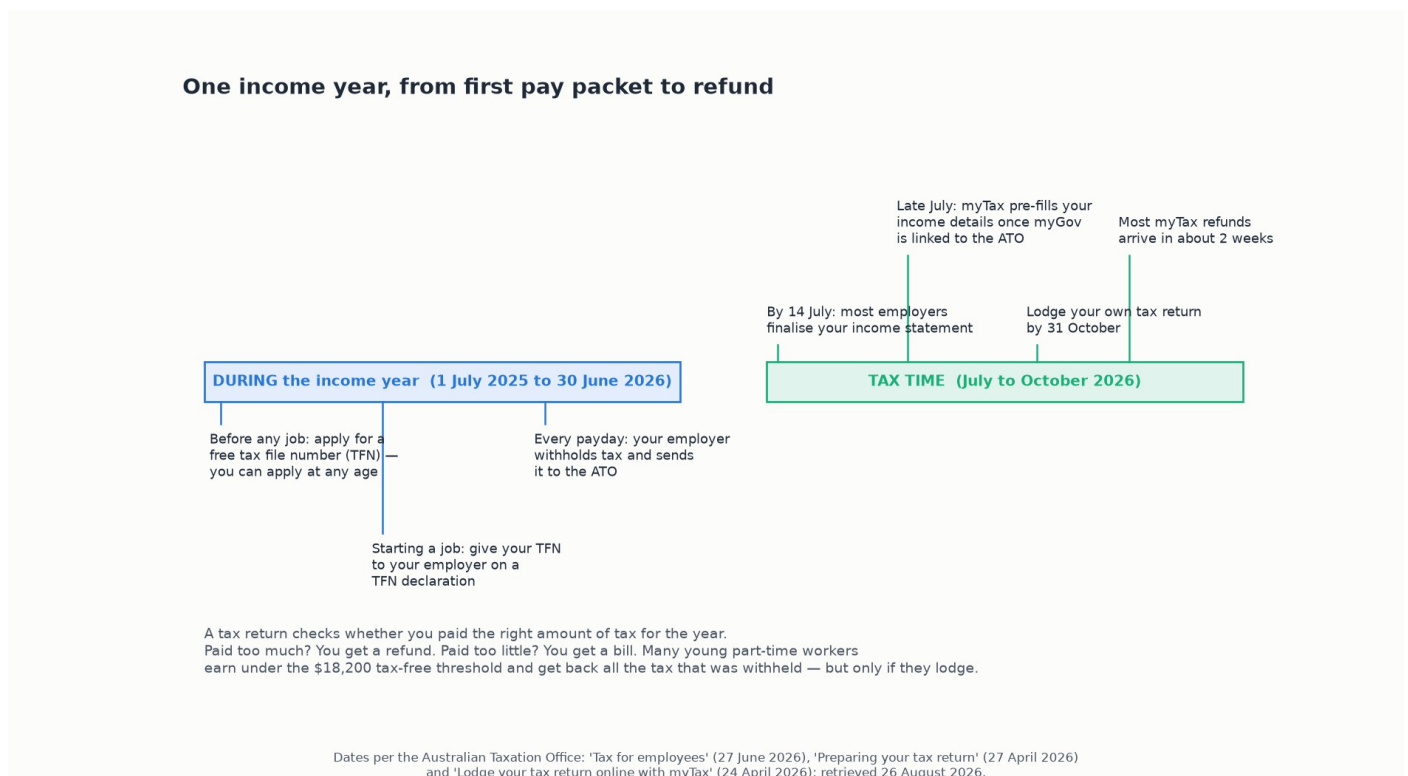
fortnights is about \$99 a fortnight. That is the withholding system doing its job: you pay your tax little by little as you earn, instead of one big bill at the end of the year.

6. When the wrong amount is held back

What can you do if an employer is holding back the wrong amount of tax from your pay? First, check what the right amount should be: the ATO website has a **Tax withheld calculator** and tax tables that show what should be held back for a given pay (Source 3). Second, talk to your employer — often the fix is a paperwork problem, such as a missing or wrong TFN declaration, and your employer can correct it in the next pay. Third, remember the safety net: the system squares up once a year at tax time, so any extra tax that was held back can come back to you as a refund (Source 4). Checking your pay slip and fixing problems early is a taxpayer responsibility; getting your money back when too much was taken is a taxpayer right.

7. The income year and tax time

The tax system runs on a 12-month cycle called the **income year**, from 1 July to 30 June — not the January-to-December calendar year. After the income year ends comes **tax time**, when returns are lodged. The whole cycle is on the timeline below.



Timeline of one income year, from first pay packet to refund. During the income year (1 July 2025 to 30 June 2026): before any job, apply for a free tax file number (you can apply at any age); starting a job, give your TFN to your employer on a TFN declaration; every payday, your employer withholds tax and sends it to the ATO. At tax time (July to October 2026): by 14 July most employers finalise your income statement; in late July myTax pre-fills your income details once myGov is linked to the ATO; lodge your own tax return by 31 October; most myTax refunds arrive in about 2 weeks. A note explains: a tax return checks whether you paid the right amount of tax for the year; paid too much, you get a refund; paid too little, you get a bill; many young part-time workers earn under the \$18,200 tax-free threshold and get back all the tax that was withheld, but only if they lodge.

A **tax return** is the form that tells the ATO your income for the year and what was withheld, and it checks whether you paid too much, too little, or exactly the right amount (Source 4). Too much? You receive a **refund**. Too little? You receive a bill. If you lodge your own return online, the deadline is 31 October (Source 4).

8. Lodging online: myGov and myTax

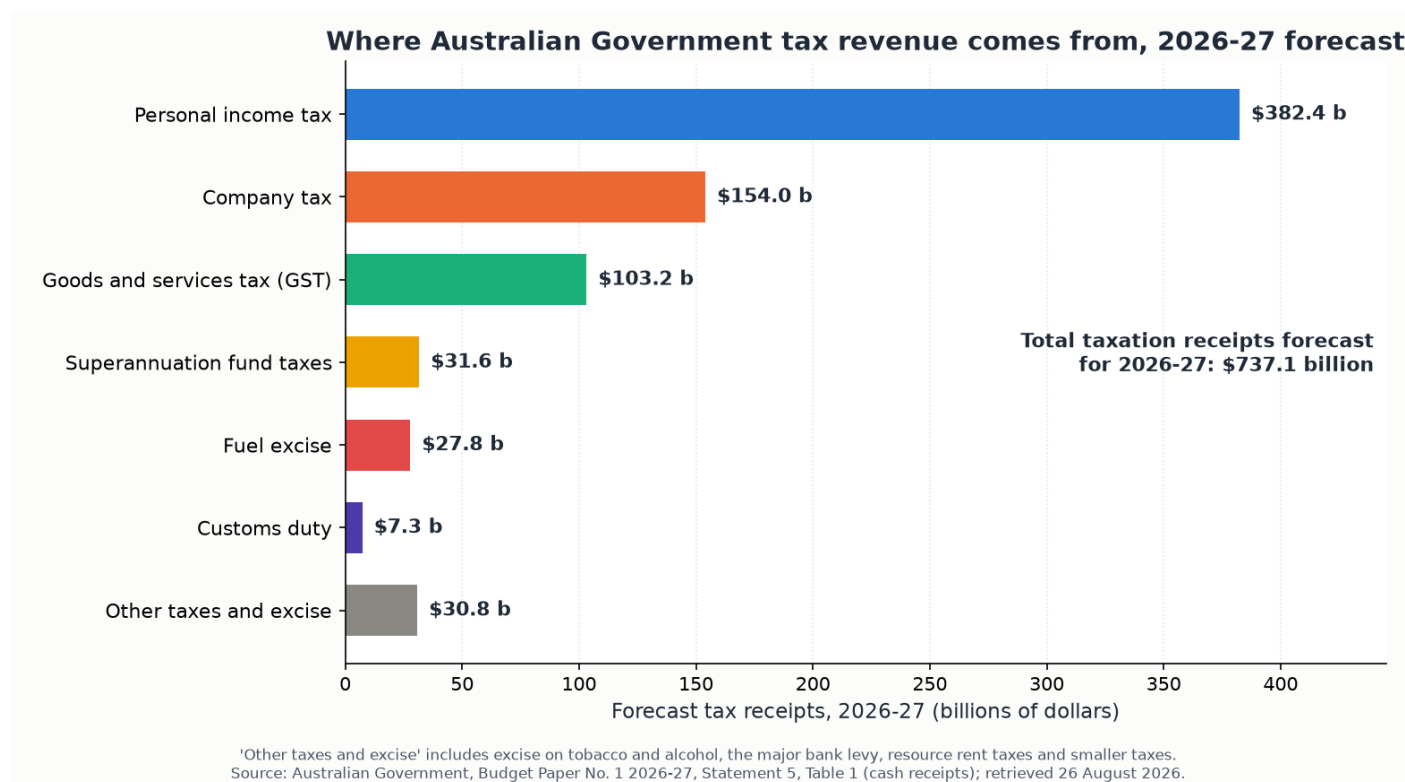
The ATO expects most people to lodge online, and the walk-through for a first-time lodger is short (Sources 5 and 6):

1. **Create a myGov account.** myGov is the one login Australians use for government services. You sign up with a myID (the government's identity login) or an email address plus a second check, such as a code sent to your phone, so that only you can get in.
2. **Link myGov to the ATO.** Sign in to myGov, choose to link the ATO, confirm your details (your TFN is needed here), and answer a few identity questions.
3. **Lodge with myTax.** Open the ATO's myTax service through your linked myGov account. By late July, your income statements and bank details are usually **pre-filled** — already typed in for you — so you check the numbers, add anything missing (such as deductions, the costs of earning your income that the rules let you subtract), and submit.
4. **Wait for the result.** Refunds from myTax generally arrive within about two weeks, and the service is open 24 hours a day, seven days a week (Source 6).

In class we walk through these steps on paper — visiting the ATO website, seeing where the TFN application, the myGov linking and the myTax lodgement live — because most students are not yet lodging a real return (elaborations .E01 and .E03).

9. Where the revenue goes

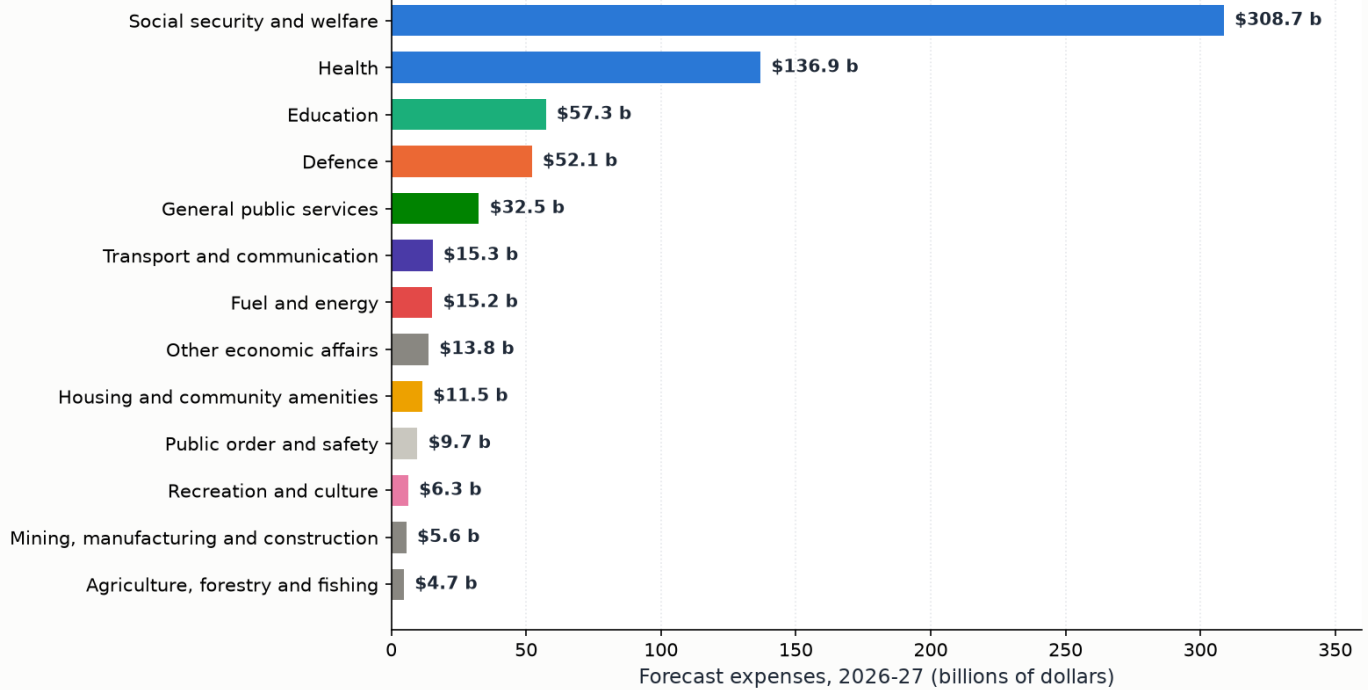
So what does the Australian Government collect, and what does it spend it on? The Budget papers for 2026-27 give the forecast picture (Source 8).



Horizontal bar chart of where Australian Government tax revenue comes from, 2026-27 forecast. Personal income tax \$382.4 billion; company tax \$154.0 billion; goods and services tax (GST) \$103.2 billion; superannuation fund taxes \$31.6 billion; other taxes and excise \$30.8 billion; fuel excise \$27.8 billion; customs duty \$7.3 billion. Total taxation receipts forecast for 2026-27: \$737.1 billion. A note explains that 'other taxes and excise' includes excise on tobacco and alcohol, the major bank levy, resource rent taxes and smaller taxes.

Personal income tax — the money withheld from pays like the model one above — is by far the biggest source, at \$382.4 billion of the \$737.1 billion total. Company tax is second and the GST third. In other words, the route you will pay tax through first (your pay) is also the route the government leans on most.

Where the Australian Government plans to spend, 2026-27 forecast

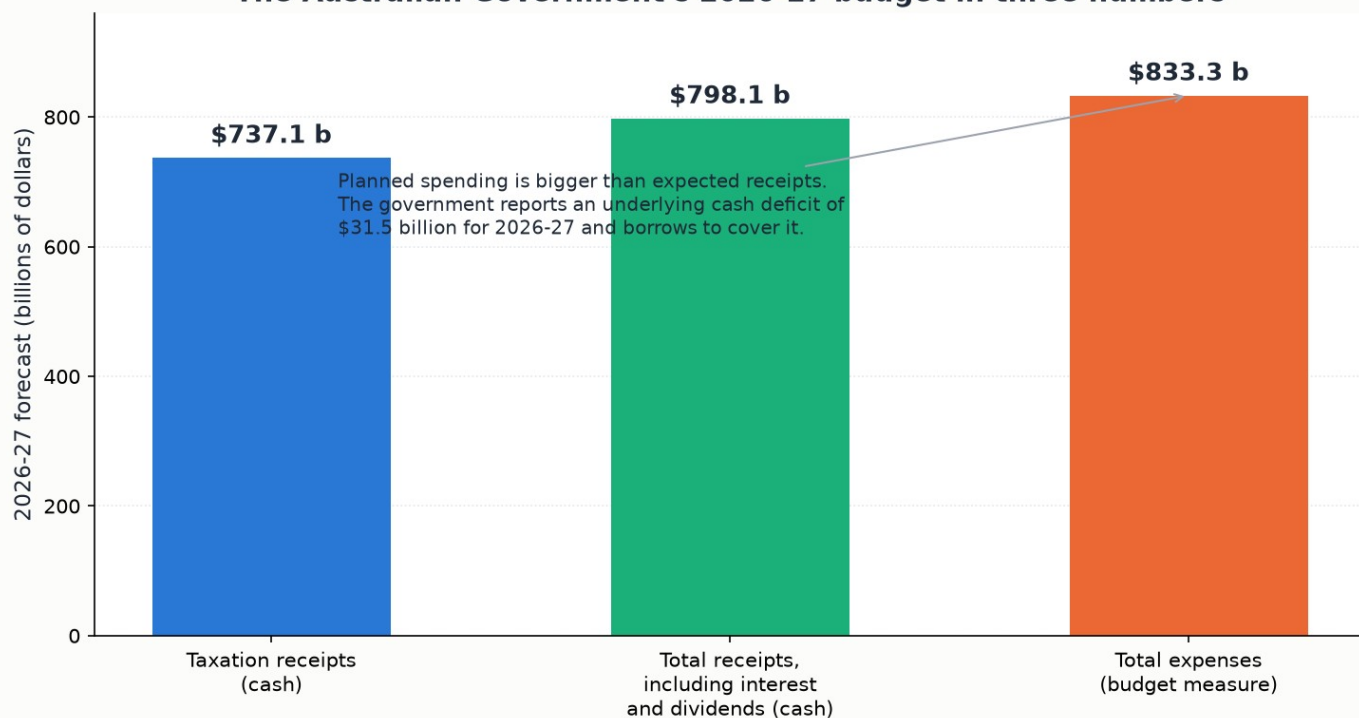


These functions total about \$669.6 b. A further \$163.6 b sits under 'Other purposes' (money passed to the states and territories, including GST revenue, plus interest on government borrowing and other items). Total forecast expenses: \$833.3 b (figures rounded).
Source: Australian Government, Budget Paper No. 1 2026-27, Statement 6, Table 6.3; retrieved 26 August 2026.

Horizontal bar chart of where the Australian Government plans to spend, 2026-27 forecast, by function, largest to smallest: social security and welfare \$308.7 billion; health \$136.9 billion; education \$57.3 billion; defence \$52.1 billion; general public services \$32.5 billion; transport and communication \$15.3 billion; fuel and energy \$15.2 billion; other economic affairs \$13.8 billion; housing and community amenities \$11.5 billion; public order and safety \$9.7 billion; recreation and culture \$6.3 billion; mining, manufacturing and construction \$5.6 billion; agriculture, forestry and fishing \$4.7 billion. Caption: these functions total about \$669.6 billion; a further \$163.6 billion sits under 'Other purposes' (money passed to the states and territories, including GST revenue, plus interest on government borrowing and other items); total forecast expenses \$833.3 billion (figures rounded).

On the spending side, the three biggest jobs are social security and welfare (payments to people who need support), health, and education — the same services this section began with. The GST you pay at the checkout travels here too: it is passed to the states and territories, whose schools and hospitals are the big spenders (Source 9).

The Australian Government's 2026-27 budget in three numbers



Source: Australian Government, Budget Paper No. 1 2026-27, Statement 5 Table 1, Statement 6 Table 6.3 and Statement 3 Table 3.1; retrieved 26 August 2026.

Bar chart of the Australian Government's 2026-27 budget in three numbers: taxation receipts \$737.1 billion; total receipts, including interest and dividends, \$798.1 billion; total expenses \$833.3 billion. A note explains that planned spending is bigger than expected receipts: the government reports an underlying cash deficit of \$31.5 billion for 2026-27 and borrows to cover it.

One last number is worth reading carefully. In 2026-27 the government plans to spend about \$833.3 billion while expecting to collect about \$798.1 billion in total. When planned spending is bigger than expected receipts, the gap is called a **budget deficit**; the government reports an underlying cash deficit of \$31.5 billion for 2026-27 and borrows to cover it (Source 8). A deficit is not automatically a mistake — but it means some of today's spending is paid for by tomorrow's taxpayers, which is one more reason citizens watch how taxation revenue is used.

10. Pulling it together: your taxpayer rights and responsibilities

Return to the key question. After one pass through the system, the answer can be summarised:

- **Responsibilities:** give your employer your TFN when you start work; check your pay slip so the right amount is withheld; lodge a return by the deadline if you need to; and tell the ATO your true income.
- **Rights:** a free TFN at any age; the tax-free threshold; the ATO's free online help — tax tables, the Tax withheld calculator, myGov and myTax (Sources 2, 3, 5 and 6); and a refund when too much was held back, including all of it for many young workers under the threshold — but only if they lodge (Source 4).

Tax is the price of the services a society shares, and the system is built on the idea that each taxpayer pays the right amount — no more and no less — with the ATO's services there to help you do exactly that.

Worked analysis

Example 1 — scaffolded: tax payable on a taxable income of \$50,000

Use the rate ladder from Theory part 3 and the matching figure.

Working	Comment
Slice 1: \$0 to \$18,200 → tax \$0	The tax-free threshold: the first slice is not taxed.
Slice 2: \$45,000 – \$18,200 = \$26,800, taxed at 15% →	Only the slice inside the bracket is taxed at that rate.

Working	Comment
$\$26,800 \times 0.15 = \$4,020$	
Slice 3: $\$50,000 - \$45,000 = \$5,000$, taxed at 30% → $\$5,000 \times 0.30 = \$1,500$	The 30% rate touches only the top \$5,000 of this income.
Income tax: $\$0 + \$4,020 + \$1,500 = \$5,520$	Add the tax from each slice.
Medicare levy: 2% of $\$50,000 = \$1,000$	The levy is a flat 2% of the whole taxable income for most taxpayers.
Total: $\$5,520 + \$1,000 = \$6,520$	About 13% of the whole income — far below the top rate of 45%.

Worked example: tax payable on a taxable income of \$50,000 (2026-27)

Split the income into tax brackets (2026-27 rates)

\$45,001 to \$50,000
rate 30%
tax \$1,500

\$0 to \$18,200 rate 0% — tax \$0	\$18,201 to \$45,000 rate 15% — tax \$4,020	
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Add the tax from each bracket

$\$0 + \$4,020 + \$1,500 = \text{income tax of } \$5,520$

Add the Medicare levy

2% of $\$50,000 = \$1,000$

Total tax payable

$\$5,520 + \$1,000 = \$6,520$

That is about 13% of the whole \$50,000 — well under the top rate of 45%, because each rate only touches the income inside its own bracket.

Rates: Australian Taxation Office, 'Tax rates - Australian resident' (2026-27 income year); retrieved 26 August 2026.

Worked example figure: a bar splits a \$50,000 taxable income into three brackets — \$0 to \$18,200 at rate 0% (tax \$0), \$18,201 to \$45,000 at rate 15% (tax \$4,020), and \$45,001 to \$50,000 at rate 30% (tax \$1,500). Adding the brackets gives income tax of $\$0 + \$4,020 + \$1,500 = \$5,520$; the Medicare levy is 2% of $\$50,000 = \$1,000$; total tax payable $\$5,520 + \$1,000 = \$6,520$, about 13% of the whole \$50,000.

Example 2 — scaffolded: checking the model pay slip

Does the \$99 withheld on the model pay slip make sense? Check it against the ladder.

Step	What it shows
Gross for a year: $\$1,200 \text{ a fortnight} \times 26 \text{ fortnights} \approx \$31,200$	A pay year has 26 fortnights.
Income tax: $\$31,200 - \$18,200 = \$13,000$ in the 15% slice; $\$13,000 \times 0.15 = \$1,950$	The first \$18,200 stays tax-free.
Medicare levy: 2% of $\$31,200 = \$624$	The levy applies to the whole taxable income.
Total for a year: $\$1,950 + \$624 = \$2,574$	Income tax plus the levy.
Per fortnight: $\$2,574 \div 26 \approx \$99$	This matches the pay slip's "tax withheld" line exactly.

Example 3 — unscaffolded: tax payable on a taxable income of \$100,000

Without the figure, use the ladder from memory of Theory part 3. The first \$18,200 is tax-free (\$0). The next slice, \$18,201 to \$45,000, is \$26,800 at 15%, which is \$4,020. The remaining slice, \$45,001 to \$100,000, is \$55,000 at 30%, which is \$16,500. Income tax is $\$0 + \$4,020 + \$16,500 = \$20,520$. The Medicare levy adds 2% of $\$100,000 = \$2,000$.

Total tax payable: \$22,520 — about 22 or 23 cents in every dollar, still well under the top marginal rate, for the same reason as in Example 1.

Example 4 — unscaffolded: a Saturday job earning \$20,000

A student's part-time job pays \$20,000 in 2026-27. Income tax: the first \$18,200 is tax-free, leaving \$1,800 in the 15% slice, so $\$1,800 \times 0.15 = \$270$ of income tax for the whole year. (The Medicare levy has its own low-income rules that reduce or remove it for low earners, so at this income we count income tax only.) \$270 is tiny — the tax-free threshold does most of the work for young part-time workers. And if the student had **no** TFN, the employer would have held back far more than \$270 during the year: lodging a return is how it comes back.

Practice tasks

Scaffolded

Task 1 — words to know. Match each description to a term from the bank: *tax*, *tax file number (TFN)*, *GST*, *tax return*, *refund*, *Medicare levy*, *budget deficit*, *withholding*. (a) Money the government compels people to pay, used to fund shared services. (b) Your free, lifelong personal reference number in the tax system. (c) The 10% tax included in the price of most things you buy. (d) The year-end form that checks whether you paid the right amount of tax. (e) Money you get back when you paid too much tax. (f) The extra 2% that helps fund Australia's public health system. (g) The gap when planned government spending is bigger than expected receipts. (h) The system where your employer holds back tax from each pay and sends it to the ATO.

Task 2 — read the rate ladder. Using the ladder figure from Theory part 3: (a) What rate applies to the slice of income from \$45,001 to \$135,000? (b) Of a \$50,000 taxable income, how many dollars sit in the 30% slice? (c) True or false, and correct if false: "A person earning \$50,000 pays 30% tax on all of their income." (d) What is the name of the tax-free first \$18,200?

Task 3 — put the earning route in order. These five steps are out of order. Rewrite them in the order they happen: (A) the employer sends the withheld tax to the ATO; (B) you apply for a free TFN online; (C) you start a job and give your TFN to your employer on a TFN declaration; (D) your employer holds back tax from each pay; (E) the money becomes part of the government's revenue and helps pay for shared services.

Task 4 — read the model pay slip. Using the pay slip figure: (a) what was the gross pay for the fortnight? (b) what was withheld? (c) what was the take-home pay? (d) after four fortnights, what were the year-to-date gross pay and tax withheld? (e) the withheld amount covers two taxes — name them.

Task 5 — read the model receipt. Using the receipt figure below: (a) what was the total paid? (b) how much of it was GST? (c) check the GST using the one-eleventh shortcut. (d) name one kind of item that is GST-free.

STARBRIGHT CINEMA & CAFE

(fictional receipt)

Movie ticket (adult)	\$22.00
----------------------	---------

includes \$2.00 GST

Popcorn (small)	\$6.60
-----------------	--------

includes \$0.60 GST

TOTAL PAID	\$28.60
------------	---------

includes \$2.60 GST

How the GST works here

GST is 10% of the price before GST: $10\% \text{ of } \$26.00 = \$2.60$.

Shortcut: GST is one-eleventh of a GST-inclusive price.

$\$28.60 \div 11 = \$2.60$ — the GST part of this receipt.

The customer pays it inside the price; the business sends it to the ATO.

Some things are GST-free (for example, most basic foods).

GST rate: Australian Taxation Office, 'How GST works' (last updated 22 June 2023);
retrieved 26 August 2026.

Model shop receipt (fictional): Starbright Cinema & Cafe. Movie ticket (adult) \$22.00, includes \$2.00 GST; popcorn (small) \$6.60, includes \$0.60 GST; total paid \$28.60, includes \$2.60 GST. Notes: GST is 10% of the price before GST (10% of \$26.00 = \$2.60); shortcut — GST is one-eleventh of a GST-inclusive price, so \$28.60 divided by 11 equals \$2.60; the customer pays it inside the price and the business sends it to the ATO; some things are GST-free, for example most basic foods.

Task 6 — read the revenue mix. Using the receipts figure from Theory part 9: (a) which tax raises the most money, and how much? (b) how much does the GST raise? (c) which two taxes sit on petrol at the bowser? (d) personal income tax raises about how many times as much as the GST — two, three to four, or ten times?

Unscaffolded

Task 7 — calculate tax on \$60,000. Using the 2026-27 ladder (Source 1), calculate the income tax payable on a taxable income of \$60,000, slice by slice, then add the Medicare levy and give the total tax payable. Show each slice and its amount.

Task 8 — the wrong amount withheld. A friend's pay slip shows far more tax withheld than the ATO's tables say should be held back for their pay. Answer the question "What can you do if an employer is holding back the wrong amount of tax from your pay?": (a) name one way your friend can check what the right amount should be; (b) name one thing they should do at work; (c) if the mistake is not fixed during the year, explain how the system still squares up, and what your friend must do to make that happen.

Task 9 — follow the money. Using the spending figure and the three-numbers figure from Theory part 9: (a) name the two biggest areas of planned spending. (b) in 2026-27, planned spending is bigger than expected receipts — what is this gap called, and how does the government cover it? (c) which tax is collected by the Australian Government but passed on to the states and territories to help pay for schools and hospitals?

Task 10 — tax time, and the student who did not lodge. (a) Put these five events in order: you lodge your return; the income year ends on 30 June; your employer finalises your income statement (by 14 July); your refund arrives (about two weeks after lodging); myTax pre-fills your income details (late July). (b) A Year 12 student worked part-time all year, never gave their employer a TFN, and had tax held back from every pay even though they earned under \$18,200. Explain in three or four sentences why the tax was held back and what the student should now do, and name the service they would use.

Answers and marking notes

Task 1. (a) tax. (b) tax file number (TFN). (c) GST. (d) tax return. (e) refund. (f) Medicare levy. (g) budget deficit. (h) withholding.

Task 2. (a) 30%. (b) \$5,000 (the slice \$45,001 to \$50,000). (c) False — they pay 30% only on the \$5,000 slice above \$45,000; the rest is taxed at 0% and 15%. (d) The tax-free threshold.

Task 3. B, C, D, A, E.

Task 4. (a) \$1,200.00. (b) \$99.00. (c) \$1,101.00. (d) gross \$4,800.00; tax withheld \$396.00. (e) income tax and the Medicare levy.

Task 5. (a) \$28.60. (b) \$2.60. (c) $\$28.60 \div 11 = \$2.60$ — it matches. (d) any GST-free item from the figure/policy note, for example most basic foods.

Task 6. (a) personal income tax, \$382.4 billion. (b) \$103.2 billion. (c) fuel excise (and the GST in the pump price; customs duty applies to imported fuel). Accept fuel excise with or without GST. (d) three to four times ($\$382.4 \text{ b} \div \$103.2 \text{ b} \approx 3.7$).

Task 7. Slice 1: \$0. Slice 2: $\$26,800 \times 0.15 = \$4,020$. Slice 3: $\$60,000 - \$45,000 = \$15,000 \times 0.30 = \$4,500$. Income tax \$8,520. Medicare levy $2\% \times \$60,000 = \$1,200$. Total \$9,720.

Task 8. (a) Use the ATO's Tax withheld calculator / tax tables on the ATO website. (b) Talk to the employer and fix the paperwork, usually the TFN declaration. (c) At tax time the return compares what was withheld with what was owed; the extra comes back as a refund — but only if the friend lodges a return.

Task 9. (a) Social security and welfare (\$308.7 b) and health (\$136.9 b). (b) A budget deficit; the government borrows to cover it. (c) The GST.

Task 10. (a) Income year ends 30 June → employer finalises by 14 July → myTax pre-fills (late July) → you lodge → refund about two weeks later. (b) Without a TFN the employer must hold back more tax than the tables; because the student earned under the threshold they owed little or no tax, so nearly all of it can come back — but only if they lodge a return, which they can do online through myGov-linked myTax by 31 October.

Marking notes (Tasks 7–10). Award the reasoning steps, not the conclusion: correct slices and arithmetic in Task 7; in Task 8, a named ATO tool, an action at work, and refund-upon-lodgement; in Task 9, correct reads of both figures and the deficit/borrowing link; in Task 10, the no-TFN explanation and the lodge-to-get-it-back step.

Sources

1. Australian Taxation Office, 'Tax rates - Australian resident' (rates for the 2026-27 income year; page last updated 13 August 2026): resident marginal rates and the note that they do not include the Medicare levy of 2%. Retrieved 26 August 2026.
2. Australian Taxation Office, 'What is a tax file number?' (22 June 2026): TFN is your personal reference number in the tax and super systems; apply at any age; free; usually nine digits; yours for life; without it your employer withholds more tax. Retrieved 26 August 2026.
3. Australian Taxation Office, 'Tax for employees' (27 June 2026): employer deducts tax from pays and sends it to the ATO; TFN declaration at start of job; ATO tax tables and the Tax withheld calculator; employers finalise income statements by 14 July. Retrieved 26 August 2026.
4. Australian Taxation Office, 'Preparing your tax return' (27 April 2026): income year 1 July to 30 June; a return checks whether you paid too much or too little (refund or bill); self-lodgers lodge by 31 October; low-income earners under the threshold get back what was withheld if they lodge. Retrieved 26 August 2026.
5. Australian Taxation Office, 'Create a myGov account and link it to the ATO' (21 July 2026): myID or email plus a second check; four-step linking (sign in, follow prompts, confirm details, identity questions). Retrieved 26 August 2026.
6. Australian Taxation Office, 'Lodge your tax return online with myTax' (24 April 2026): pre-fill by late July; refunds generally within two weeks; available 24/7. Retrieved 26 August 2026.

7. Australian Taxation Office, 'How GST works' (22 June 2023): GST is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia; some items are GST-free (for example, most basic foods). Retrieved 26 August 2026.
8. Australian Government, Budget Paper No. 1 2026-27: Statement 5 Table 1 (taxation receipts 2026-27 estimate \$737.1 b; individuals and withholding \$382.4 b; company tax \$154.0 b; GST \$103.2 b; super fund taxes \$31.6 b; fuel excise \$27.8 b; customs duty \$7.3 b), Statement 6 Table 6.3 (expenses by function; total \$833.3 b) and Statement 3 Table 3.1 (underlying cash balance –\$31.5 b). Retrieved from budget.gov.au 26 August 2026.
9. Australian Government, Budget Paper No. 3 2026-27, Federal Financial Relations: general revenue assistance to the states principally comprises their GST entitlement — untied funding for state services. Retrieved from budget.gov.au 26 August 2026.
10. Victorian Curriculum 2.0, Economics and Business: content description code VC2HE8K09 and elaboration codes .E01–.E04 (referenced by code; wording not reproduced).
11. Note on modelled figures: the Riverbend Bakery pay slip and the Starbright Cinema & Cafe receipt are fictional teaching artefacts; their amounts are computed from the sourced 2026-27 rates (Source 1) so the arithmetic a student checks is the real system's arithmetic.

Planning your money: budgets and financial goals

Curriculum trace: VC2 Economics and Business, Levels 7–8 band · Strand: Knowledge and Understanding · Sub-strand: Consumer and financial literacy · Content description VC2HE8K10 · Draws on elaborations VC2HE8K10.E01, VC2HE8K10.E02, VC2HE8K10.E03 · Band key question: *What does planning your finances involve, and why does it matter?*

Theory

1. What financial planning is — and why it matters

The Victorian Curriculum uses the words *financial planning* but does not define them. In this section, **financial planning** means: working out where your money comes from, where it has to go, and what you are saving for — then checking that you actually do it. It is a loop, not a one-off job.



Diagram of the financial planning loop: five boxes joined in a circle — set a goal, make a budget, follow the plan, track your money, review and adjust.

The band's achievement standard asks you to explain why people and businesses have to plan if they want to reach their money goals. Here are three reasons for individuals:

1. **Money is scarce.** Your income is limited and your wants are not, so choices have to be made (this is the same idea 1A applies to everyone, from shoppers to governments). A plan makes those choices *before* the money is gone, not after.

2. **Big things cost a lot and take time.** A laptop, a car, a home — these are bought by saving a little now for later. Without a plan, “later” never comes.
3. **A plan stops expensive mistakes.** Spending more than you have leads to borrowing you cannot repay, and then fees and interest eat your money instead of your goals.

Businesses must plan for exactly the same reasons (see 1C). A business has income (money customers pay) and expenses (rent, wages, power, stock). A business with no plan runs out of money just like a person with no plan.

2. Budgets — a plan for your money

A **budget** is a written plan of the money coming in and the money going out over a set period — usually a week or a month.

- **Income** is money you receive: wages from a job, pocket money, gifts.
- **Expenses** are money you spend: fares, food, phone, fun.
- **Saving** is money you pay to *yourself*, on purpose, for a goal.

A budget balances when **income** = **expenses** + **saving**. If the two sides do not match, the budget is a wish, not a plan.

A budget that works pays **needs** first (things you must pay for, like fares and school supplies), puts **saving** in next, and spends what is left on **wants** (the nice-to-haves). Then you **track**: compare what you really spent with the plan, and adjust the plan next week.

Households plan the same way. At the most recent Census (2021), the **median** — the middle household when every household is lined up by income — total household income in Australia was **\$1,746 a week** (ABS Census QuickStats, Australia, retrieved 26 August 2026). Half of Australian households received less than that, half received more. A family budget is your budget with more rows in it.

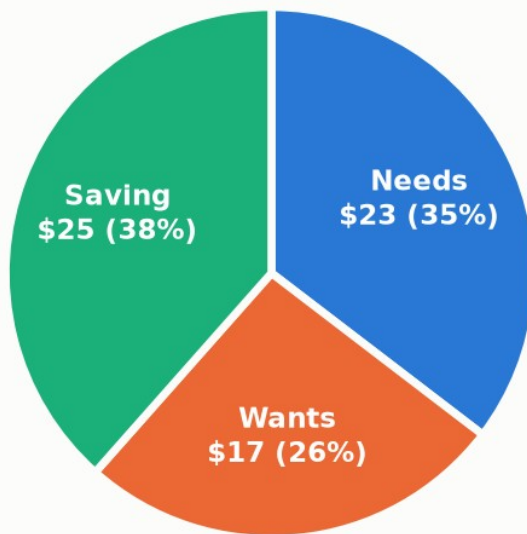
Priya's weekly budget (a worked example)

Item	Type	Amount per week
Babysitting (3 hours at \$15)	Income	\$45.00
Lawn mowing	Income	\$20.00
Total income		\$65.00
Bus fares	Need	\$8.00
Mobile phone plan	Need	\$10.00
School supplies	Need	\$5.00
Streaming (share of family plan)	Want	\$3.00
Takeaway snacks	Want	\$9.00
Game credits	Want	\$5.00
Savings — laptop fund	Saving	\$25.00
Total spending and saving		\$65.00

Income = spending + saving, so the budget balances: 65.00in, 65.00 out.

Table of Priya's weekly budget: two income rows of 45 dollars and 20 dollars, then needs, wants and saving rows adding to 65 dollars, matching the total income.

How Priya's \$65 a week is planned



Needs first, saving second, wants last — a plan you can actually keep.

Circle chart splitting Priya's 65 dollars a week into needs 23 dollars, wants 17 dollars and saving 25 dollars.

3. Banking — opening an account and keeping money safe

Banks hold two kinds of account:

- A **transaction account** is for everyday spending — money in, money out, with a debit card.
- A **savings account** is for money you are keeping. It pays **interest** — extra money the bank pays you, as a percentage per year, for leaving your money with it.

(Interest runs in the other direction too, as you will see in part 4: when *you* borrow, *you* pay interest to the bank.)

Opening a bank account — five steps

1. Choose the kind of account

A transaction account is for everyday spending. A savings account pays interest to help money grow.

2. Compare accounts

Look at fees (aim for none), the interest rate, and how the bank's app works.

3. Apply with your ID

Prove who you are (e.g. passport or birth certificate), answer the tax file number question, make a first deposit.

4. Set up your access

Get your card and PIN, set up the app, and choose a strong password.

5. Put money in as planned

Move your saving in on the same day each week and check your balance often.

Under 18? A parent or guardian usually needs to help open the account.

Five steps for opening a bank account, in order from top to bottom: choose the kind of account, compare accounts, apply with your ID, set up your access, put money in as planned.

Two things to notice in those steps:

- **The tax file number question.** Banks ask for your tax file number (TFN). If you do not give one, the bank must take extra tax out of any interest you earn — which is why 2C says to get your TFN when you start earning.
- **Your money is protected.** In Australia, a government scheme called the Financial Claims Scheme guarantees deposits up to **\$250,000 per person, per bank** — a *guarantee* being a formal promise. If a bank ever failed, savings up to that amount would be paid back to you (Moneysmart, “Savings accounts”, retrieved 26 August 2026).

And guard your account the way you guard your house key: never share your password or a one-time code with anyone. Banks never ask for them. The scam side of keeping money safe is 2B.

4. Loans — borrowing with a plan

A **loan** is money you borrow and must pay back, with interest. The words:

- **Principal** — the amount borrowed.
- **Interest** — the extra you pay for borrowing it.
- **Term** — how long the loan runs (for example, 4 years).
- **Repayments** — the regular payments (weekly or monthly) that pay the loan off.
- **Credit** — buying something now and paying for it later. **Debt** — the money you still owe.

Two choices shape every loan. The interest rate can be **fixed** (repayments stay the same) or **variable** (repayments can rise or fall). The loan can be **secured** — backed by the thing you buy, so the lender can take it if you stop repaying, like a car loan or a home loan — or **unsecured**, with nothing backing it, usually at a higher rate. When you compare loans, the number that matters is the **comparison rate**: one figure that folds the interest rate and most fees together, so two loans can be compared honestly (Moneysmart, “Car loans”, retrieved 26 August 2026).

Taking out a loan — five steps

1. Start with your budget

How much do you really need to borrow, and how much can you repay each week or month?

2. Compare loans

Check the interest rate, the comparison rate, and all fees. The comparison rate wraps the rate and most fees into one number.

3. Check the features

How long is the loan (the term)? Is the rate fixed or variable? Is it secured (backed by the thing you buy) or unsecured?

4. Read the whole contract, then sign

Every repayment, fee and rule must be clear to you before you sign anything.

5. Repay on time — every time

Missing repayments costs extra money now and makes borrowing harder later.

A loan is not extra money — it is money you must pay back, with interest.

Five steps in borrowing money, in order from top to bottom: start with your budget, compare loans, check the features, read the whole contract then sign, repay on time every time.

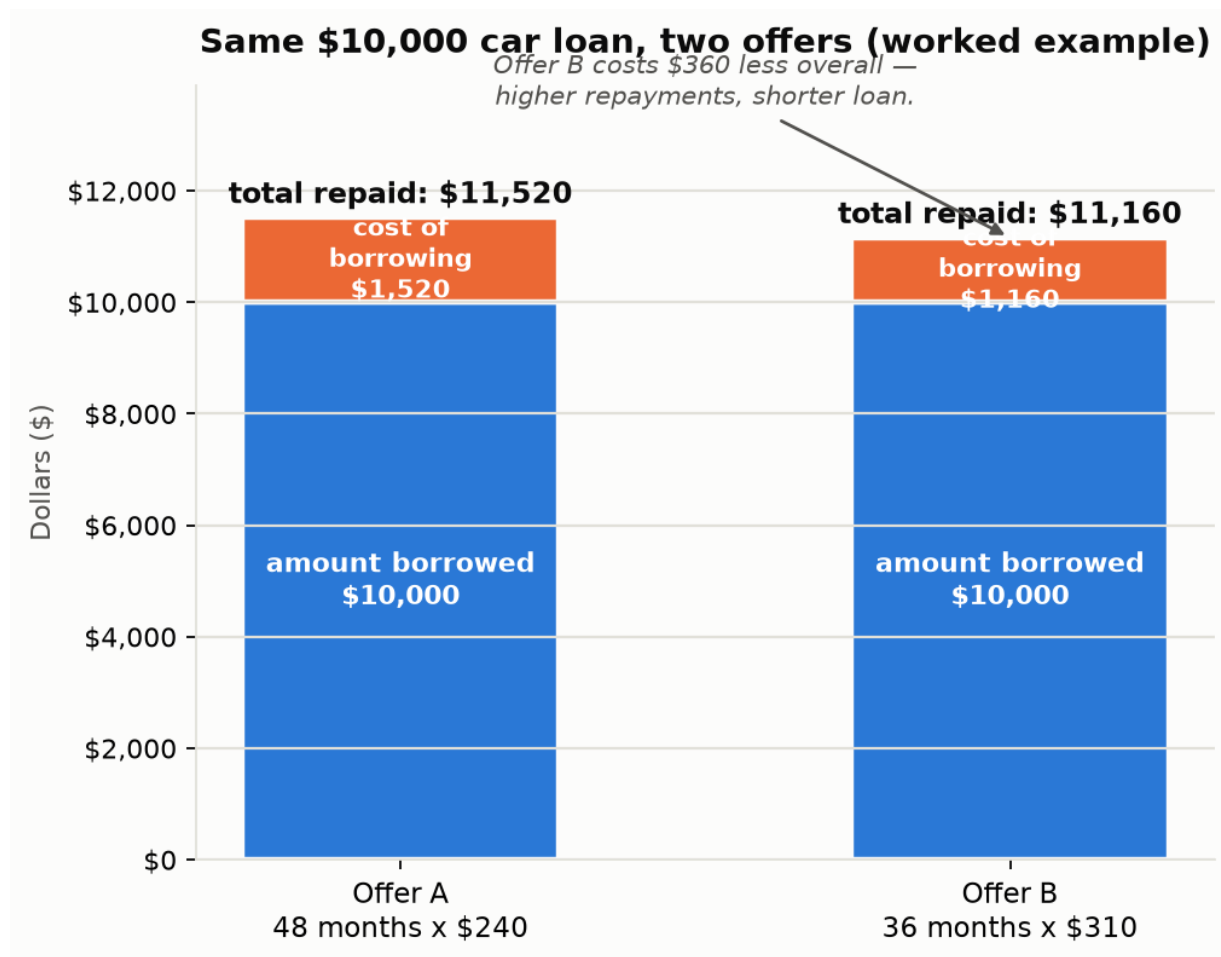
Both sides: is borrowing good or bad? Argued well, each side has a real point.

- *Borrowing can be sensible.* Spreading the cost of something big that lasts for years — a car you need to get to work — can be better than waiting years to save, if the car helps you earn more than the interest costs.

- *Borrowing can trap you.* Borrowing for wants means paying interest on things that are used up and gone, and missed repayments bring fees now and make the next loan harder.

The test both sides accept is the same one: *can the repayments fit the budget, even if something goes wrong?* If yes, borrowing may be a tool. If no, it is a hole.

Worked numbers. Suppose you borrow **\$10,000** for a used car and two offers sit in front of you. Offer A: **\$240 a month for 48 months** — total repaid $240 \times 48 = \$11,520$, so borrowing costs \$1,520. Offer B: **\$310 a month for 36 months** — total repaid $310 \times 36 = \$11,160$, so borrowing costs \$1,160. Offer B has bigger repayments but a shorter term, and costs **\$360 less overall**. The rule you can see: the longer you take to repay, the smaller each repayment is — and the more the loan costs in the end.



Bar chart comparing two offers on the same 10,000 dollar car loan: each bar stacks the amount borrowed under the extra cost of borrowing, with total repaid labelled, and a note that the shorter offer costs 360 dollars less.

5. Major purchases — a car, a house, and one day, shares

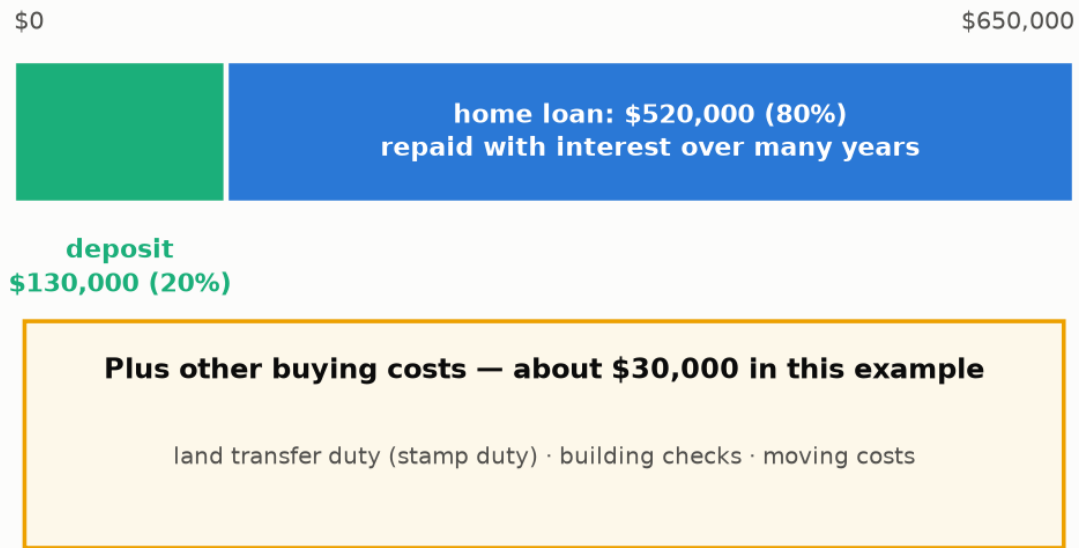
A car is more than its price. On top of the loan come fuel, insurance and registration (rego) every year — Moneysmart's car-loan pages list exactly these as costs to check before you sign (Moneysmart, retrieved 26 August 2026).

A house is the biggest purchase most people ever make. The pieces:

- **Deposit** — your own savings paid up front, often around 20% of the price.
- **Mortgage** — a loan secured on the house, repaid over many years.
- **Land transfer duty** — better known as **stamp duty**, a state government charge paid when you buy property (State Revenue Office Victoria, retrieved 26 August 2026). First home buyers may pay less duty or none at all.

- Plus building checks and moving costs.

Buying a \$650,000 home: where the money comes from (worked example)



Bar showing a 650,000 dollar house paid for with a 130,000 dollar deposit (20 per cent) and a 520,000 dollar home loan (80 per cent), plus a panel listing other buying costs of about 30,000 dollars: stamp duty, building checks and moving costs.

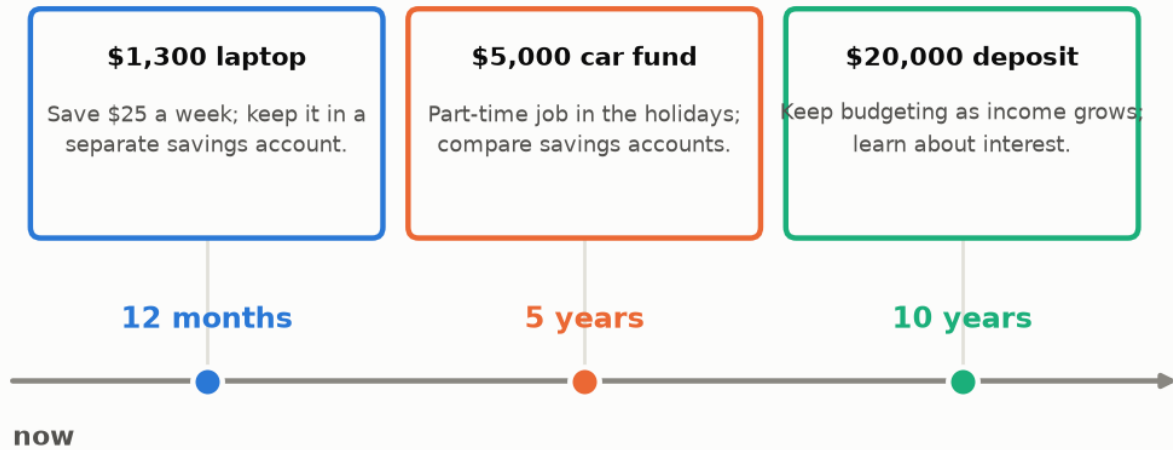
Shares, in one box. A **share** is a small slice of a company; buying shares is one way people grow money over many years. The steps are like every other purchase: save the money first, open an investing account through a **broker** (a business that buys and sells shares for you), compare the broker's fees, buy, and leave the money working for years. And the warning that goes with it: share prices fall as well as rise, so only ever invest money you do not need.

6. Financial goals — 12 months, 5 years, 10 years

A **financial goal** is a money target with a number and a date — “save \$1,300 in 12 months”, not “save more”. Goals come in three lengths: **short term** (around 12 months), **medium term** (around 5 years) and **long term** (around 10 years). For each goal you list a **strategy** — the how: what you will save each week, where it will sit, and what else must be true.

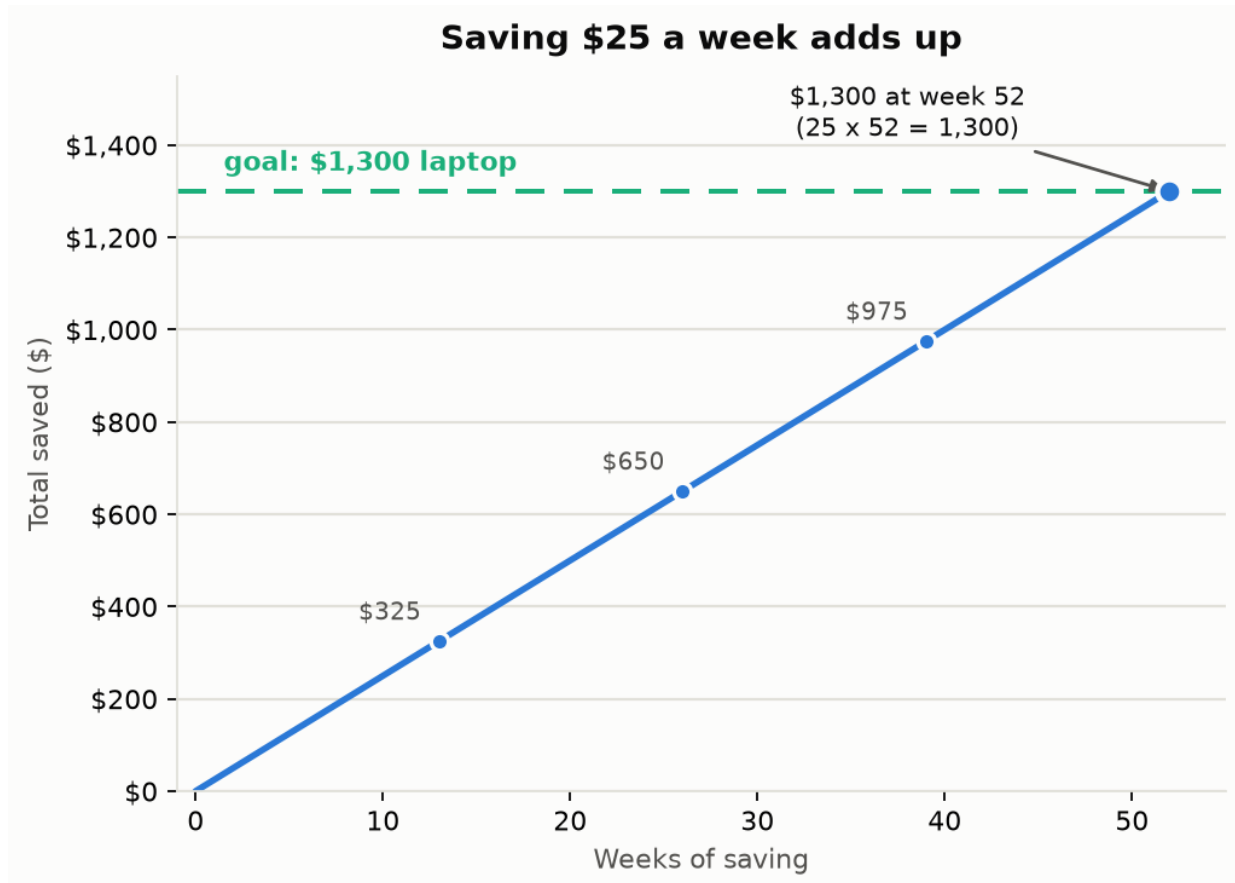
Priya's goals: 12 months, 5 years, 10 years (a worked example)

A goal is a target with a number and a date — not just a wish.



Timeline with three goal cards above it: a 1,300 dollar laptop in 12 months by saving 25 dollars a week, a 5,000 dollar car fund in 5 years, and a 20,000 dollar house deposit in 10 years.

Why write goals at three lengths? Because the long goals are built out of the short ones. Saving **\$25 a week** does not feel like much — until you add it up.



Line graph of saving 25 dollars a week rising in a straight line to 1,300 dollars at week 52, with a dashed goal line at 1,300 dollars and labelled points at weeks 13, 26 and 39.

$25 \times 52 = 1,300$: one steady habit, one laptop, in one year. The same habit logic is how deposits for houses are built — slowly, then suddenly.

7. **Moneysmart — free help from the Australian Government**

Moneysmart (moneysmart.gov.au) is the Australian Government’s free money website, run by ASIC. It carries exactly the three topic areas this section has been using — **banking and budgeting**, **loans, credit and debt**, and **investing and planning** — with free tools including a Budget planner and a Simple money manager. Your task (VC2HE8K10.E03) is to visit the site and complete its online activities on those three areas; the map below shows where each one lives. (Site checked live 26 August 2026.)

Moneysmart (moneysmart.gov.au) — free help from the Australian Government

Banking and budgeting	Loans, credit and debt	Investing and planning
• Budget planner • Simple money manager • Track your spending • Savings accounts • Debit cards	• Car loans • Home loans • Personal loans • Credit cards • Get debt under control	• How to invest • Diversification • Investing plan basics • Choosing investments • Planning for big goals

Run by ASIC, the corporate regulator. Free tools, no sign-up needed — checked live 26 August 2026.

Map of the Moneysmart website in three columns — banking and budgeting, loans credit and debt, investing and planning — listing its free tools and pages under each heading.

Sources for this section (all retrieved 26 August 2026): Australian Bureau of Statistics, Census 2021 QuickStats, Australia (median household and personal income); Moneysmart (moneysmart.gov.au) — “Savings accounts”, “Car loans” and site structure; State Revenue Office Victoria — land transfer duty (stamp duty) and first home buyer concessions.

Worked examples

Example 1 — scaffolded

Priya is in Year 7 and earns \$45 a week babysitting and \$20 a week mowing lawns. Build her weekly budget so it balances, with \$25 a week going to savings.

Working	Comment
Total income = $\$45 + \$20 = \$65.00$ a week.	Add every income before anything else.
Needs: bus fares \$8 + phone \$10 + school supplies \$5 = \$23.00.	Needs are paid first.
Saving: \$25.00 to the laptop fund.	Saving is paid second — to herself.
Left for wants = $\$65 - \$23 - \$25 = \$17.00$.	Wants get what is left, not what is wished.
Check: $\$23 + \$17 + \$25 = \$65.00$ in, \$65.00 out. ✓	Income = expenses + saving: it balances.

Example 2 — scaffolded

Hien needs \$10,000 for a used car and compares the two offers from part 4 of the theory.

Working	Comment
Offer A: $\$240 \times 48 = \$11,520$ total repaid.	48 months = 4 years of repayments.
Offer B: $\$310 \times 36 = \$11,160$ total repaid.	36 months = 3 years.
Cost of borrowing: A \$1,520; B \$1,160.	Total repaid – the \$10,000 principal.
$\$11,520 - \$11,160 = \$360$.	Offer B costs \$360 less overall.
But B's repayment is \$70 more each month.	Can B fit Hien's budget? Check before choosing.

Example 3 — unscaffolded

A house costs \$650,000. The bank wants a 20% deposit. Find the deposit and the loan (the remaining 80%).

20% of \$650,000 = $0.20 \times 650,000 = \$130,000$ deposit. Loan = $\$650,000 - \$130,000 = \$520,000$ (the mortgage).

Example 4 — unscaffolded

Priya's laptop goal is \$1,300 and she saves \$25 a week. How many weeks to the goal?

$\$1,300 \div \$25 = 52$ weeks — exactly one year, as the line graph shows.

Practice questions

Scaffolded

Q1. Give three reasons why a person needs a plan to reach their money goals.

Q2. Sort these into needs, wants or saving: bus fare to school, a second streaming subscription, money put aside for a phone, school excursion fee, in-game credits, a weekly transfer into a savings account.

Q3. Tom earns \$52 a week. His needs cost \$19 and his wants cost \$15. How much is left for saving, and what would he save in 10 weeks at that rate?

Q4. Match each word to its meaning: principal · term · repayment · comparison rate. (a) how long the loan runs; (b) the regular payment that pays the loan off; (c) the amount borrowed; (d) one figure combining the interest rate and most fees.

Q5. Put these loan steps in order: read the whole contract, then sign; work out what you can repay from your budget; repay on time, every time; compare the comparison rates; check the term and whether the rate is fixed or variable.

Q6. The ABS says the median Australian household income at the 2021 Census was \$1,746 a week. Explain in your own words what “median” means here. Does every household receive \$1,746?

Unscaffolded

Q7. You earn \$60 a week. Your needs cost \$22 and you want to save \$18 a week. Write the budget (needs, saving, wants) and show that it balances.

Q8. A \$20,000 car loan: Offer C is \$380 a month for 60 months; Offer D is \$450 a month for 48 months. Find the total repaid and the cost of borrowing for each, and say which offer costs less overall — and what the catch is.

Q9. A house costs \$800,000 and the bank wants a 20% deposit. Find the deposit and the mortgage.

Q10. Write your own three goals — one for 12 months, one for 5 years and one for 10 years. Each goal must have a number and a date, and one strategy to reach it.

Applying it (class activity)

With your teacher, visit moneysmart.gov.au and complete the online activities on **banking and budgeting**, **loans, credit and debt**, and **investing and planning** (VC2HE8K10 . E03). Bring back one thing the Budget planner told you about your own money.

Answers

Q1. Any three of: money is scarce so choices must be made before the money is gone; big purchases take time and must be saved for; a plan prevents overspending and borrowing that cannot be repaid (fees and interest eat the goal). Businesses too: income must cover expenses. **Q2.** Needs: bus fare, excursion fee. Wants: second streaming, in-game credits. Saving: money for the phone, weekly transfer. **Q3.** $\$52 - \$19 - \$15 = \$18$ a week; $\$180$ in 10 weeks. **Q4.** (a) term; (b) repayment; (c) principal; (d) comparison rate. **Q5.** Budget $\rightarrow$ compare $\rightarrow$ check features $\rightarrow$ read and sign $\rightarrow$ repay on time. **Q6.** The middle household when all are lined up by income; half receive more, half less — not every household receives it. **Q7.** Needs $\$22$ + saving $\$18$ + wants $\$20 = \$60$ ✓. **Q8.** C: $\$22,800$ (cost $\$2,800$); D: $\$21,600$ (cost $\$1,600$); D costs $\$1,200$ less, but its repayment is $\$70$ more a month. **Q9.** Deposit $\$160,000$; mortgage $\$640,000$. **Q10.** Sample answers — check each has a number, a date and a strategy.

Fully-worked solutions

Q3. Saving = income – needs – wants = $\$52 - \$19 - \$15 = \$18$ a week. Ten weeks: $\$18 \times 10 = \$180$.

Q7. Wants = $\$60 - \$22 - \$18 = \$20$. Check: $\$22 + \$18 + \$20 = \$60$, so income = expenses + saving and the budget balances.

Q8. Offer C: $\$380 \times 60 = \$22,800$ total; cost of borrowing $\$22,800 - \$20,000 = \$2,800$. Offer D: $\$450 \times 48 = \$21,600$ total; cost $\$1,600$. Offer D costs $\$2,800 - \$1,600 = \$1,200$ less overall. The catch: D's repayment is $\$450 - \$380 = \$70$ more every month, so it only works if the budget can carry it — same rule as Hien's car.

Q9. Deposit = 20% of $\$800,000 = 0.20 \times 800,000 = \$160,000$. Mortgage = $\$800,000 - \$160,000 = \$640,000$.

Q10. A strong sample: 12 months — save $\$600$ for a phone, strategy: $\$12$ a week into a separate savings account; 5 years — $\$3,000$ for a car fund, strategy: part-time job and holiday pay goes straight in; 10 years — $\$10,000$ towards a deposit, strategy: keep the budget as income grows and compare savings accounts each year. Marked on: a number and a date for each goal, and a strategy that could actually be followed.