

Mathematics Level 7

Chapter 1 — the markets-and-business spine

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Why we have to choose: scarcity, incentives and opportunity cost

Every day you make choices: what to buy with your money, how to spend a free hour, whether to save or spend. Businesses and governments make choices too. This section looks at **why we have to choose at all**, and at the tools economists use to think about choices: **incentives**, weighing **costs** against **benefits**, and the **opportunity cost** of every choice. All of it grows from one big idea — **scarcity**, the basic economic problem.

The big idea — scarcity

Think about everything you would like to have or do this year: a new phone, tickets to a concert, holidays, great food, a faster computer, more time with friends. Now think about what is available to provide those things: money, time, land, workers, machines. There is never enough of these to give everyone everything they want. That gap is the basic economic problem of the whole subject.

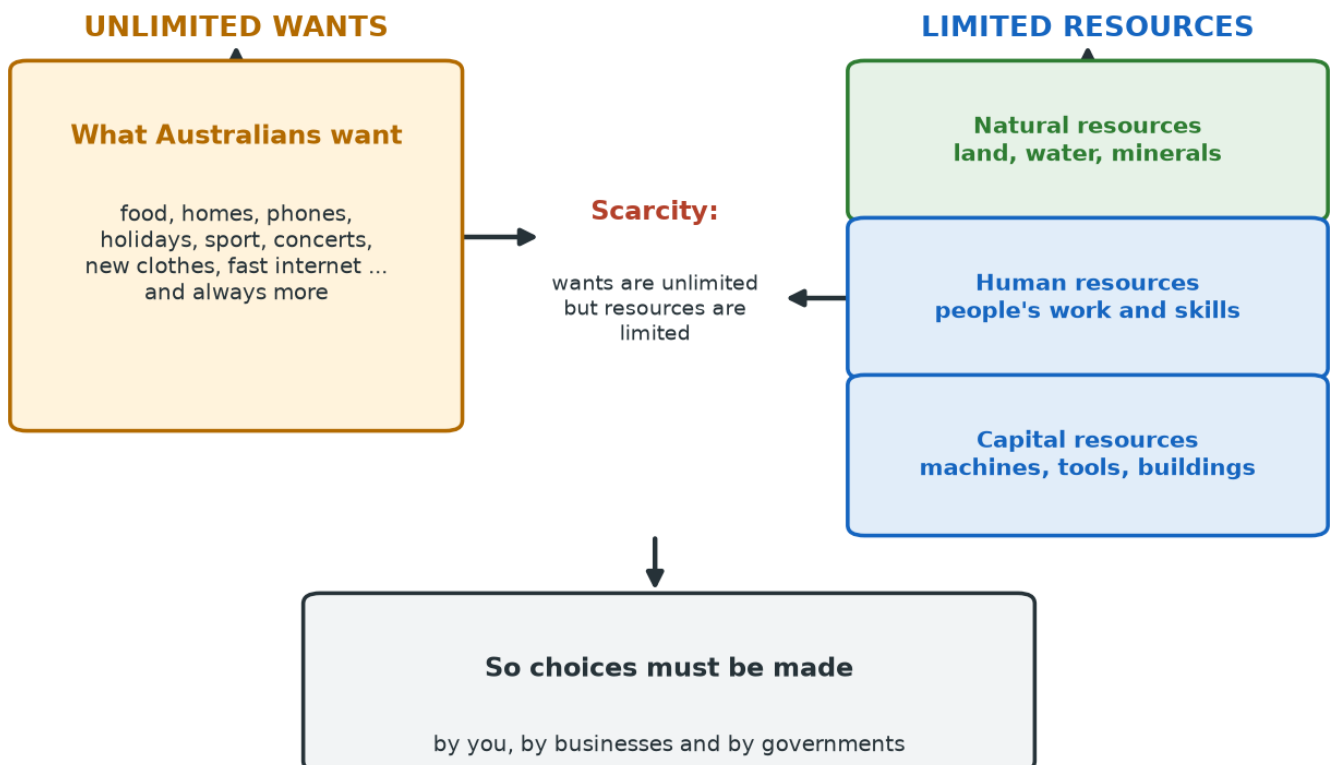
Scarcity is the name economists give to this gap: our **wants are unlimited**, but the **resources** to satisfy them are **limited**. Scarcity is not the same as being poor. Even the richest person in Australia cannot have everything — there are only 24 hours in a day, and many things simply do not exist in unlimited amounts.

The limited things used to produce the goods and services we want are called **economic resources**, and they come in three kinds:

- **Natural resources** — gifts of nature: land, water, minerals, timber, sunlight.
- **Human resources** — people's work, time and skills.
- **Capital resources** — things people have made that are used to produce more goods and services: machines, tools, buildings, trucks, ovens.

Because resources are limited while wants are not, **choices must be made** — by you, by businesses and by governments. Economics is the study of those choices, and Figure 1 shows the problem in one picture.

Unlimited wants meet limited resources: the basic economic problem



Unlimited wants on the left and limited resources on the right meeting at scarcity, which forces choices by people, businesses and governments.

Costs and benefits

Because we cannot have everything, every choice is a trade: taking one thing means giving up others. To choose well, economists compare **costs** and **benefits**.

- A **cost** is what you give up because of a choice. Money is the cost we notice first, but time, effort, comfort and fun can be costs too.
- A **benefit** is what you gain from a choice.

A word about *benefit*. This section uses *benefit* the way economists use it: the gain or satisfaction a person gets from a choice. Benefits are personal — the same movie is a big benefit to one person and no benefit at all to another. That is not a weakness of the idea. It is a reminder that costs and benefits belong to the person choosing, so two people can honestly see the same choice in different ways. What matters is *how* each person weighs them up, not that they reach the same answer.

Costs and benefits come in two kinds:

- **Material** — things you can count in money or hold: the price of a ticket, the food you get, the phone you buy.
- **Non-material** — things you feel or experience: fun, time with friends, sleep, stress, pride, freedom.

A good decision weighs **all** the costs and benefits, material *and* non-material, not just the price tag.

Incentives

An **incentive** is anything that makes a choice more or less attractive. Incentives change the costs and benefits of a choice, so they change what people choose.

- A **positive incentive** (a reward) pulls you *toward* a choice by adding a benefit or cutting a cost.
- A **negative incentive** (a penalty) pushes you *away* from a choice by adding a cost or cutting a benefit.

Governments use incentives all the time. In 2026 the Victorian Government's Solar Homes Program offered households a rebate of up to \$1,400 towards solar panels — a positive incentive to install them. (A **rebate** is money paid back to you after you buy something, cutting its real cost.) Taxes work the other way: part of the price of a packet of cigarettes is tax, and tobacco prices rose 11.2% in the year to June 2026 — a negative incentive to smoke.

Businesses use incentives too: half-price specials at the supermarket are positive incentives to buy this week rather than next week. And you face incentives every day — higher pay for weekend shifts is a positive incentive to work Saturdays; a late fee is a negative incentive to return things on time. Figure 3 sorts some real examples.

Incentives change the costs and benefits — so they change choices

Positive incentives (pull you toward a choice)

Negative incentives (push you away)

Victorian Government solar rebate of up to \$1,400 (2026) targets households — encourages them to install solar panels	Tax on tobacco — prices rose 11.2% in the year to June 2026 targets everyone — discourages them from smoking
Supermarket half-price specials targets shoppers — encourages them to buy that product this week	City parking fees targets drivers — discourages them from driving into the city centre
Higher weekend pay rates at a cafe targets young workers — encourages them to take weekend shifts	A fine for littering targets everyone — discourages them from dropping rubbish

Solar rebate: Victorian Government Solar Homes Program (solar.vic.gov.au), retrieved 26 August 2026. Tobacco price change: ABS CPI, June quarter 2026.

A two-column table of positive incentives (Victorian solar rebate, supermarket specials, weekend pay rates) and negative incentives (tobacco tax, city parking fees, littering fines), each naming who it targets and what behaviour it changes.

Key idea: when the costs or benefits of a choice change, the incentive changes and people's choices change. That is why prices matter so much in economics.

Opportunity cost

When you choose one thing, you give up what that money, time or those resources could have bought instead. The **opportunity cost** of a choice is the value of the **next-best** option you gave up — not everything you gave up, just the one thing you would have done instead.

Suppose on a free Saturday you could (1) work a paid shift, (2) go to the footy, or (3) see a movie, and you would have picked the footy if not for the shift. If you choose the shift, the opportunity cost is the footy. The movie is *not* part of the opportunity cost, because you could not have done the footy and the movie anyway — the opportunity cost counts only the next-best option.

Opportunity cost has material and non-material parts. The footy might be worth \$40 in your head (material), and the afternoon laughing with your friends is worth something too (non-material).

The idea works for everyone, not just students:

- The opportunity cost of a new school oval might be the library upgrade the school cannot now afford.
- The opportunity cost of an hour of homework might be an hour of sport.
- The opportunity cost of a government building a road might be a hospital wing.

Figure 2 puts the whole cycle together: scarcity forces a choice, the choice is weighed in costs and benefits, incentives push on the decision, and every choice carries an opportunity cost.

The economic decision-making cycle



The economic decision-making cycle in six boxes: you have a want; scarcity bites; you face a choice; you weigh up costs and benefits; you decide, with incentives pushing; and the opportunity cost is the next-best option you gave up.

When prices move — why do prices change?

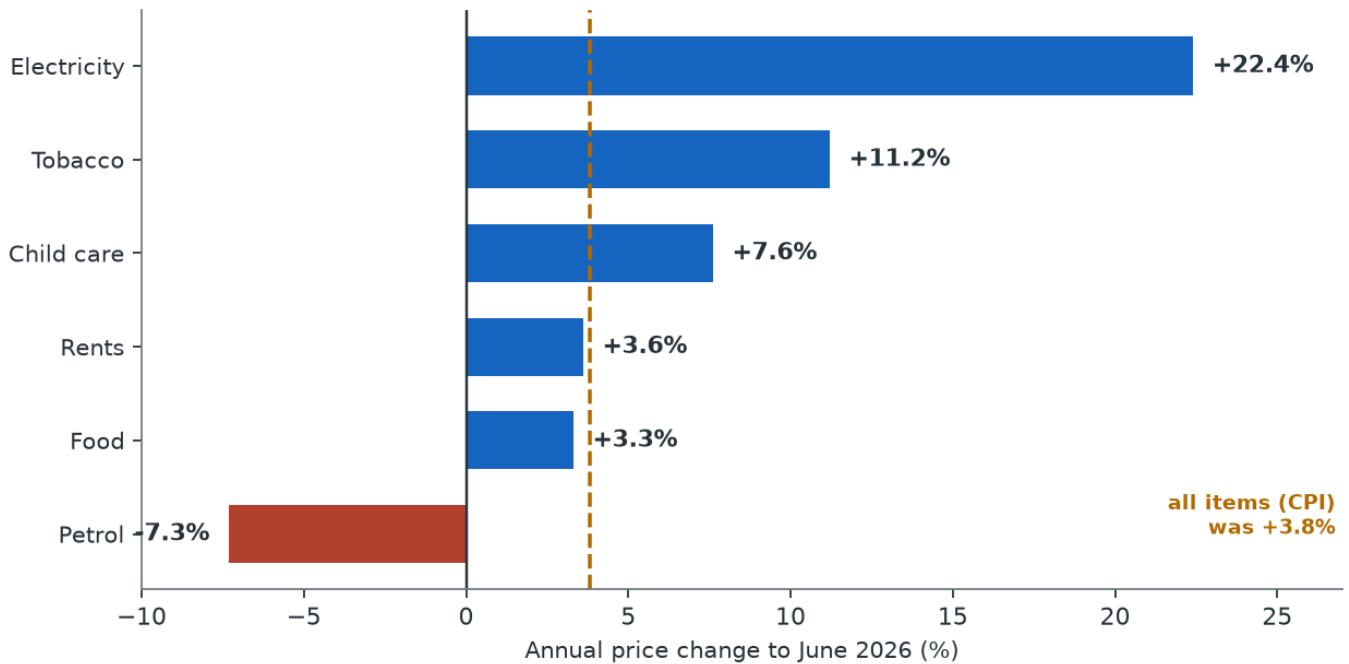
Prices do not stand still. They move up and down over time, and economists call this a **price fluctuation**. The Australian Bureau of Statistics (the **ABS**, the government agency that collects official statistics) checks the prices of hundreds of things Australians buy and reports each quarter how they have changed, in the **Consumer Price Index (CPI)**.

Here is what the CPI showed for the year to June 2026:

- **Electricity: +22.4%** — the biggest riser.
- **Tobacco: +11.2%, child care: +7.6%, rents: +3.6%, food: +3.3%.**
- **Petrol: -7.3%** — the one big faller.
- **All items on average (the CPI): +3.8%.**

Month by month, petrol fell even more sharply in mid-2026: down 11.9% in May 2026 and 10.9% in June 2026. In the same year, electricity was going the other way.

Some Australian prices rose, one fell: year to June 2026



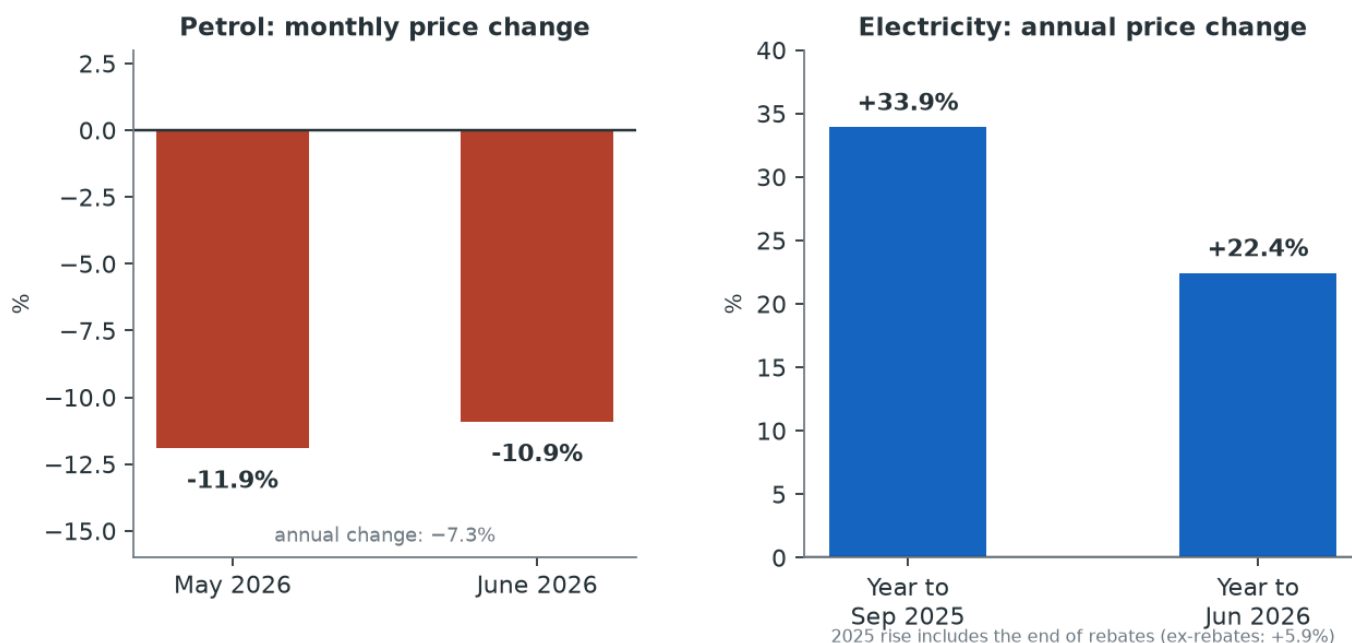
Source: ABS, Consumer Price Index, Australia, June quarter 2026 (abs.gov.au), retrieved 26 August 2026.

Bar chart of annual price changes to June 2026: electricity +22.4%, tobacco +11.2%, child care +7.6%, rents +3.6%, food +3.3%, petrol -7.3%, with a dashed line at the all-items average of +3.8%.

Why do prices fluctuate? Four big reasons:

1. **The cost of making or getting the thing changes.** When the world price of crude oil falls, petrol becomes cheaper to sell.
2. **How much of the thing is available changes.** A flood that ruins vegetable farms makes vegetables scarcer and dearer; a great growing season makes them cheaper.
3. **How much people want it changes.** A heatwave makes more people want fans and air conditioners, pushing those prices up.
4. **Government taxes and rebates change the price.** When government energy rebates ended, measured electricity prices jumped: in the year to September 2025 electricity was up 33.9%, yet with the rebates taken out of the picture the rise would have been only 5.9%.

The same year: petrol got cheaper, electricity got dearer



Source: ABS, Monthly CPI Indicator Sep 2025 and CPI June quarter 2026 (abs.gov.au), retrieved 26 August 2026.

Two bar charts side by side: petrol monthly price changes of -11.9% in May 2026 and -10.9% in June 2026, and electricity annual price changes of $+33.9\%$ to September 2025 and $+22.4\%$ to June 2026.

Now connect this to the rest of the section. When a price changes, the **costs and benefits** of choices change, **incentives** change, and people make different choices:

- A family facing electricity up 22.4% has a strong incentive to switch off standby appliances and think twice before leaving the heater running.
- A driver facing petrol down 10.9% in a month feels a little less pressure to combine trips.

Price changes also change **opportunity costs**: every extra dollar a family spends on dearer electricity is a dollar it cannot spend on something else. So a price fluctuation is never just news about prices — it is news about choices.

Worked examples

Worked example 1 — weighing up a family decision (scaffolded)

The Nguyen family — two adults and two children aged 10 and 13 — have set aside \$180 for a Saturday out. They are choosing between:

- **Option A: a day at Melbourne Zoo.** Ticket prices (retrieved 26 August 2026): adults from \$58.00, children aged 4–15 from \$29.00.
- **Option B: a beach day** — a picnic and a swim, about \$45 in this example.

Step 1 — work out the money cost of Option A. Two adult tickets: $2 \times \$58.00 = \$116.00$. Two child tickets: $2 \times \$29.00 = \$58.00$. Total: $\$116.00 + \$58.00 = \$174.00$. The zoo fits the \$180 budget with \$6 to spare.

Step 2 — list the costs and benefits of the zoo. Benefits: a fun family day, seeing animals up close, supporting Zoos Victoria, which works to protect wildlife. Costs: \$174 that cannot be saved or spent on something else, a full day, a tiring trip home.

Step 3 — list the costs and benefits of the beach. Benefits: cheap, swimming, relaxing. Costs: weather risk, less to see and do.

Step 4 — choose, and name the opportunity cost. If the family picks the zoo, the opportunity cost is the **beach day** — the next-best option — together with everything else the \$174 could have been. The beach day itself has material and non-material parts: about \$45 saved *and* a lazy swim with the family.

Worked example 1 — weighing up a real decision

A family day at Melbourne Zoo

2 adult tickets	$2 \times \$58.00$	\$116.00
2 child tickets (4–15 years)	$2 \times \$29.00$	\$58.00
Total zoo cost		\$174.00
Family outing budget		\$180.00
Money left over		\$6.00

Next-best alternative: beach day + picnic + swim $\approx$ \$45.00 (example amount)

If the family picks the zoo, the opportunity cost is that beach day.

Ticket prices: Zoos Victoria (zoo.org.au), retrieved 26 August 2026. Budget and alternative are example amounts.

Table working out the zoo day: 2 adult tickets at \$58.00 each is \$116.00, 2 child tickets at \$29.00 each is \$58.00, total \$174.00 against a \$180 budget leaving \$6, with the beach day named as the opportunity cost.

Worked example 2 — a year of big price changes (scaffolded)

The same Nguyen family buys about 45 litres of petrol a week and pays an electricity bill of about \$520 a quarter (both example amounts). Use the ABS price changes for the year to June 2026 to see how their budget is pushed around.

Petrol fell 10.9% in June 2026. Say the price was \$1.85 a litre.

- Old weekly cost: $45 \times \$1.85 = \$83.25$.
- Fall per litre: 10.9% of \$1.85 $\approx$ \$0.20, so the new price $\approx$ \$1.65 a litre.
- New weekly cost: $45 \times \$1.65 = \$74.25$.
- Weekly saving: $\$83.25 - \$74.25 = \mathbf{\$9.00}$ — about \$470 over a year, a positive incentive to keep driving as they do, or money freed for other wants.

Electricity rose 22.4% in the year to June 2026.

- Rise on their bill: 22.4% of \$520.00 = \$116.48.
- New quarterly bill: $\$520.00 + \$116.48 = \mathbf{\$636.48}$ — over \$38 a month extra.

What does the family do? The electricity rise is a negative incentive to waste power: switching off standby appliances, shorter showers, cooler in winter and warmer in summer. The opportunity cost of leaving the heater on all day is no longer small — it is the \$116.48 a quarter (and the things that money could buy) that the family gives up. When prices fluctuate, costs, benefits, incentives and opportunity costs all shift — and so do decisions.

Worked example 2 — price changes change family budgets

Petrol falls 10.9% in June 2026 (ABS)

Example: 45 litres a week at \$1.85 a litre
Old weekly cost: $45 \times \$1.85 = \$83.25$
Fall per litre: 10.9% of \$1.85 $\approx$ \$0.20
New price: $\$1.85 - \$0.20 = \$1.65$ a litre
New weekly cost: $45 \times \$1.65 = \$74.25$
Weekly saving: $\$83.25 - \$74.25 = \$9.00$

Electricity rises 22.4% a year (ABS)

Example: quarterly bill of \$520.00
Rise: 22.4% of \$520.00 = \$116.48
New quarterly bill:
$\$520.00 + \$116.48 = \$636.48$
That is over \$38 a month extra —
a strong incentive to use less power

Price changes: ABS, Consumer Price Index, June quarter 2026 (abs.gov.au), retrieved 26 August 2026. Weekly fuel use, fuel price and bill size are example amounts.

Two worked calculations side by side: petrol falling 10.9% cuts a 45-litre weekly fuel bill from \$83.25 to \$74.25, saving \$9.00 a week; electricity rising 22.4% lifts a \$520.00 quarterly bill by \$116.48 to \$636.48.

Practice questions

Scaffolded

Q1. Which situation shows scarcity? Explain your pick in one sentence.

- (a) A shoe shop has more shoes than buyers.
- (b) You have \$20 and want two things that each cost \$15.
- (c) A water fountain offers free drinks to anyone.
- (d) A cinema has empty seats on a Tuesday.

Q2. A dairy farm uses many resources. Sort these six into natural, human and capital resources: the paddocks and their water; the farm workers; the milking machines; the farmer's cheese-making skill; the refrigerated truck; the rain and sunlight.

Q3. Copy the table and fill it in for the choice “walking to school instead of being driven”. Give two costs and two benefits, and make sure at least one cost and one benefit are **non-material**.

	Material	Non-material
Benefits of walking		
Costs of walking		

Q4. Label each incentive **positive** or **negative**, and say what behaviour it encourages or discourages: (a) \$2 off the lunch special; (b) a \$5 late fee at the library; (c) extra pocket money for washing the car; (d) a daily parking fee in the city.

Q5. Use the bar chart of annual price changes to June 2026. (a) Which item rose the most, and by how much? (b) Which item fell, and by how much? (c) The all-items average was +3.8%. Name one item that rose faster than the average and one that rose more slowly.

Q6. You have a free Saturday afternoon and three options: a paid café shift worth \$60 to you; a footy ticket from your cousin that you value at \$40 and would enjoy most; and a movie with friends you would enjoy slightly less than the footy. You choose the café shift. (a) What is the opportunity cost of your choice? (b) Why is the movie *not* the opportunity cost?

Un scaffolded

Q7. “Scarcity is a problem even for the richest person in Australia.” Do you agree? Use two examples in your answer, and make sure at least one example is about **time** rather than money.

Q8. Petrol fell 10.9% in June 2026 (ABS). Explain how this price change acts as an incentive for (a) a family that drives to school and work, and (b) a business that delivers packages. Use the words *cost* and *benefit* in your answer.

Q9. Your school wants more students to walk or ride to school instead of being driven. Design one **positive** incentive and one **negative** incentive to get there, and for each name the behaviour it is meant to change.

Q10. Electricity rose 22.4% in the year to June 2026 (ABS). A family is thinking about buying a more efficient heater for \$300 that would save them about \$40 a quarter on their bills. (a) How many quarters of savings pay for the heater? (b) Using costs, benefits and opportunity cost, explain whether buying the heater is a sensible choice for this family.

Inquiry task — reading a real ABS table

Study the source table below. It is reproduced from the ABS Consumer Price Index release for the June quarter 2026 (released 29 July 2026), retrieved 26 August 2026.

Source table — annual price change in Australia, year to June 2026

Item	Annual change	Up or down?
Electricity	+22.4%	up
Tobacco	+11.2%	up
Child care	+7.6%	up
All items average (CPI)	+3.8%	up
Rents	+3.6%	up
Food and non-alcoholic beverages	+3.3%	up
Automotive fuel (petrol)	−7.3%	down

Petrol also fell month by month: −11.9% in May 2026 and −10.9% in June 2026.

Reproduced from: ABS, Consumer Price Index, Australia, June quarter 2026, released 29 July 2026 (abs.gov.au), retrieved 26 August 2026.

Source table of annual price changes in Australia to June 2026: electricity +22.4%, tobacco +11.2%, child care +7.6%, all items +3.8%, rents +3.6%, food +3.3%, petrol −7.3%, with a note that petrol also fell 11.9% in May 2026 and 10.9% in June 2026.

Q11. (a) From the table, name the item that rose the most and the only item that fell. (b) The table says “year to June 2026”. What do those words mean? (c) Suggest **two** different reasons why electricity might have risen much faster than food over that year. (d) Where would you check this table against its original source, and why is the ABS a source you can trust more than a social media post about prices?

Your decision log

For one week, keep a record of your own economic decisions, like the template in the log below. Each day, write down at least one decision where you chose between two or more options — buying something, how to spend an hour, whether to save or spend.

For **each** decision, note:

- the **benefits** of what you chose;
- the **costs**, whether material or non-material;
- the **opportunity cost** — the next-best option you gave up.

Your personal economic decision log (one week)

Date	My decision	Benefits: what I gained	Costs: money, time, things I gave up	Opportunity cost: next best given up
Mon	Bought a \$4.50 sausage roll instead of bringing lunch	quick, tasty, cheap	\$4.50; not as healthy	home lunch + keeping the \$4.50

Keep your log for one week. Include money amounts where you can, and include non-material costs and benefits too.

Example row filled in to show the format.

A one-week personal decision log template with columns for date, decision, benefits, costs in money and time, and opportunity cost, with one example row filled in about buying a sausage roll instead of bringing lunch.

Q12. At the end of the week, look back over your log and answer: (a) Which decision had the biggest opportunity cost, and why? (b) Did any of your decisions change because of an incentive? Name the incentive and say whether it was positive or negative.

Answers and guidance

Q1. (b). Your \$20 is limited but your wants (\$30 worth) are not, so you must choose. In (a), (c) and (d) the resource is not short against the want, so scarcity is not biting.

Q2. Natural: the paddocks and their water; the rain and sunlight. Human: the farm workers; the farmer's cheese-making skill. Capital: the milking machines; the refrigerated truck.

Q3. Answers vary. Check: each row has an entry in both columns, costs are what walking makes you give up (for example, shoe wear and a little time — material; tiredness or arriving sweaty — non-material) and benefits are what walking gives you (for example, no fuel cost for your family — material; time to think or chat with a friend — non-material).

Q4. (a) Positive — encourages buying the special now. (b) Negative — discourages returning things late. (c) Positive — encourages doing the chore. (d) Negative — discourages driving into the city.

Q5. (a) Electricity, +22.4%. (b) Petrol, -7.3%. (c) Faster than the average: electricity (or tobacco, or child care). More slowly: food (or rents).

Q6. (a) The footy — the next-best option, worth the \$40 ticket *and* the afternoon with your mates. (b) The movie was only third-best; opportunity cost counts the single next-best option, not every option.

Q7. Agree — full marks reasoning names time as a scarce resource (even a billionaire cannot be in two places at once or live two lives) and a second scarce resource (for example, land: there is only so much harbour-front land, so even a billionaire cannot buy all of it). The conclusion: scarcity forces choices for everyone, so economics studies everyone's choices.

Q8. Strong answers say: (a) fuel is a cost of driving, so a cheaper litre raises the benefit of driving against its cost — the family may drive a little more, or feel less pressure to combine trips; (b) fuel is a big cost for a delivery business, so cheaper fuel raises its benefit of running more deliveries, or frees money for other wants. Answers should use *cost* and *benefit* correctly.

Q9. Answers vary. A positive incentive adds a benefit to walking or riding (for example, a prize draw or free bike servicing for riders); a negative incentive adds a cost to being driven (for example, moving the drop-off zone far from the gate). Check that each incentive is matched to the behaviour it is meant to change.

Q10. (a) $\$300 \div \$40 = 7.5$ quarters — about 22–23 months. (b) Open: strong answers weigh the \$300 cost and the wait against the benefit of a \$40-a-quarter saving (and a warmer, more reliable home), and name the opportunity cost of the \$300 (what else the family could have bought now). Either conclusion is fine if the reasoning is complete.

Q11. (a) Electricity (+22.4%) rose most; petrol (-7.3%) fell. (b) The 12 months ending in June 2026 — prices in June 2026 compared with June 2025. (c) Any two sensible reasons, for example: the cost of producing electricity rose; government energy rebates ended; more people wanted power (more homes, more devices); supply was tighter. (d) The ABS website (abs.gov.au), Consumer Price Index release for the June quarter 2026. The ABS is Australia's official statistics agency: its methods are published, its job is accurate measurement, and its numbers can be checked — unlike an unverified post.

Q12. Personal answers. Check: the biggest opportunity cost is explained as the next-best option given up (not just the most expensive choice), and the incentive is correctly labelled positive or negative.

Curriculum links (teacher note)

- **Content description:** VC2HE8K01 (Victorian Curriculum F–10 Version 2.0, Economics and Business, Levels 7 and 8 band).
- **Elaboration ids (export order):** VC2HE8K01.E01 — **not taught in this section**, see the front-of-book note on excluded content (id retained as linkage key only); VC2HE8K01.E02 (opportunity cost in decision-making), VC2HE8K01.E03 (why the prices of particular products move), VC2HE8K01.E04 (personal decision log with material and non-material opportunity costs).

- **Sources and retrieval dates:** ABS, *Consumer Price Index, Australia*, June quarter 2026 (released 29 July 2026) and ABS, *Monthly CPI Indicator*, September 2025 (released 29 October 2025), abs.gov.au, retrieved 26 August 2026; Victorian Government Solar Homes Program, solar.vic.gov.au, retrieved 26 August 2026; Zoos Victoria ticket prices, zoo.org.au, retrieved 26 August 2026. Scenario dollar amounts in the worked examples are labelled as examples.
- **Cross-reference:** the skills practised here — asking investigating questions, reading tables and graphs, and judging whether a source can be trusted — are developed further in Sections 3A and 3C of this book.

Inside a free market: demand, supply and how prices allocate resources

Section 1B · Chapter 1 — Scarcity, markets and business Economics and Business 8 · Knowledge and Understanding — Economic literacy

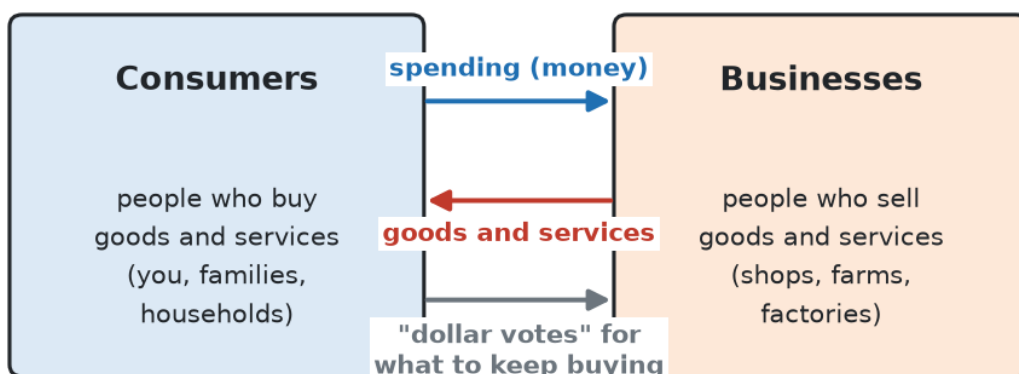
Curriculum code: VC2HE8K02 **What this section covers:** how a free market works — demand, supply, consumer sovereignty and the price mechanism — and how together they decide where scarce resources go. **Elaboration link keys:** VC2HE8K02.E01 · VC2HE8K02.E02 · VC2HE8K02.E03 · VC2HE8K02.E04 (used for question and coverage linkage only — not a teaching order)

Key terms you will meet (each is defined in bold the first time it is used): market, free market, demand, supply, market price, shortage, surplus, price mechanism, consumer sovereignty.

1. What a market is

Resources are scarce — there is never enough of everything to give every person everything they want — so every society has to work out **how** its scarce resources get used. One way is by a **market**: any arrangement where buyers and sellers meet and agree on a price for a good or a service. A market can be a shop, a stall, an app or an auction room; what makes it a market is that a buyer and a seller agree to trade.

A market: buyers and sellers meet, and a price is agreed



Price is the message that carries decisions between the two sides.

Figure 1 — A market in one picture. Money and decisions flow both ways, and the price is the message that carries them.

A word the curriculum does not define. The Victorian Curriculum uses the term *free market* but does not define it. *Free market* is a **contested** term — different people use it in different ways, and which way you use it changes what you say about real markets. This section therefore treats a **free market** as a market in which buyers and sellers are free to trade with each other and the price is free to move up or down as demand and supply change, with no one fixing the price. Other definitions exist (some people use the term for a market with no rules at all), and they are not interchangeable with this one. Every question in this section is answerable using the definition above. Even in Australia's mostly free markets, governments still make and enforce rules — as Section 6 shows.

In a free market, two big forces meet: **demand** (the buyers' side) and **supply** (the sellers' side).

2. Demand — the buyers' side

Demand is the amount of a good or service that buyers are willing and able to buy at each price. For most goods, demand follows a simple pattern:

- when the price is **higher**, buyers want **less**;
- when the price is **lower**, buyers want **more**.

Think of bubble tea. If your local shop charged \$7.00 a cup, many people would buy water instead; at \$2.00 a cup, far more people would buy one every week. The table and graph below show this model market (the numbers are made up for learning — the pattern is what matters).

Demand schedule: bubble tea in a local market

	Price (\$)	Cups demanded
A	\$7.00	100
B	\$6.00	200
C	\$5.00	300
D	\$4.00	400
E	\$3.00	500
F	\$2.00	600

The demand curve slopes down

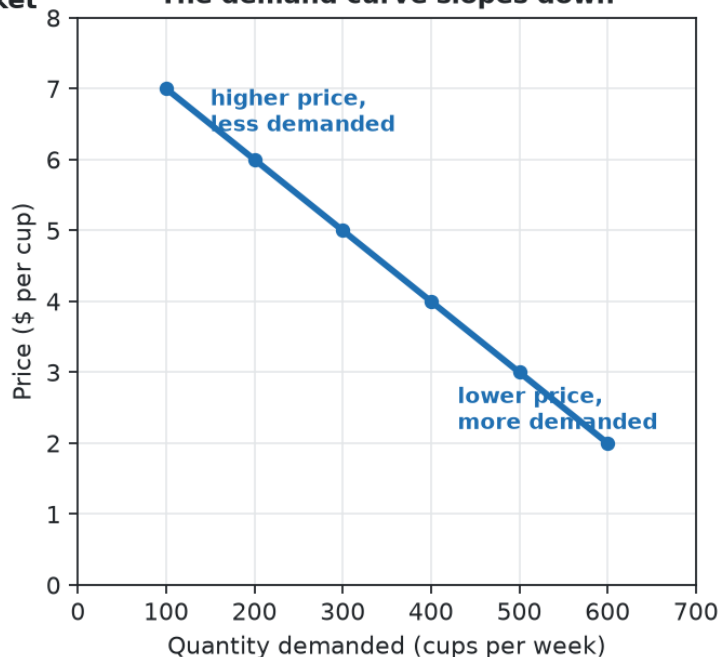


Figure 2 — The demand curve slopes down: a higher price means a smaller quantity demanded.

3. Supply — the sellers' side

Supply is the amount of a good or service that sellers are willing and able to sell at each price. Supply usually follows the opposite pattern:

- when the price is **higher**, sellers want to sell **more** (there is more profit in it, so it is worth the extra cost and effort);
- when the price is **lower**, sellers want to sell **less**.

In our model bubble-tea market, at \$7.00 a cup the shops would love to sell as much as they can; at \$2.00 a cup some shops would not bother opening at all.

Supply schedule: bubble tea in a local market

	Price (\$)	Cups supplied
A	\$7.00	600
B	\$6.00	500
C	\$5.00	400
D	\$4.00	300
E	\$3.00	200
F	\$2.00	100

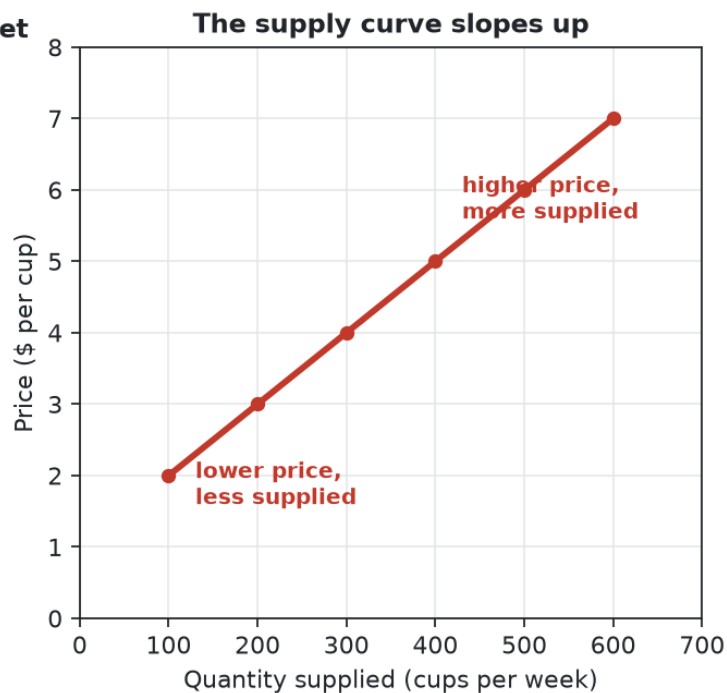
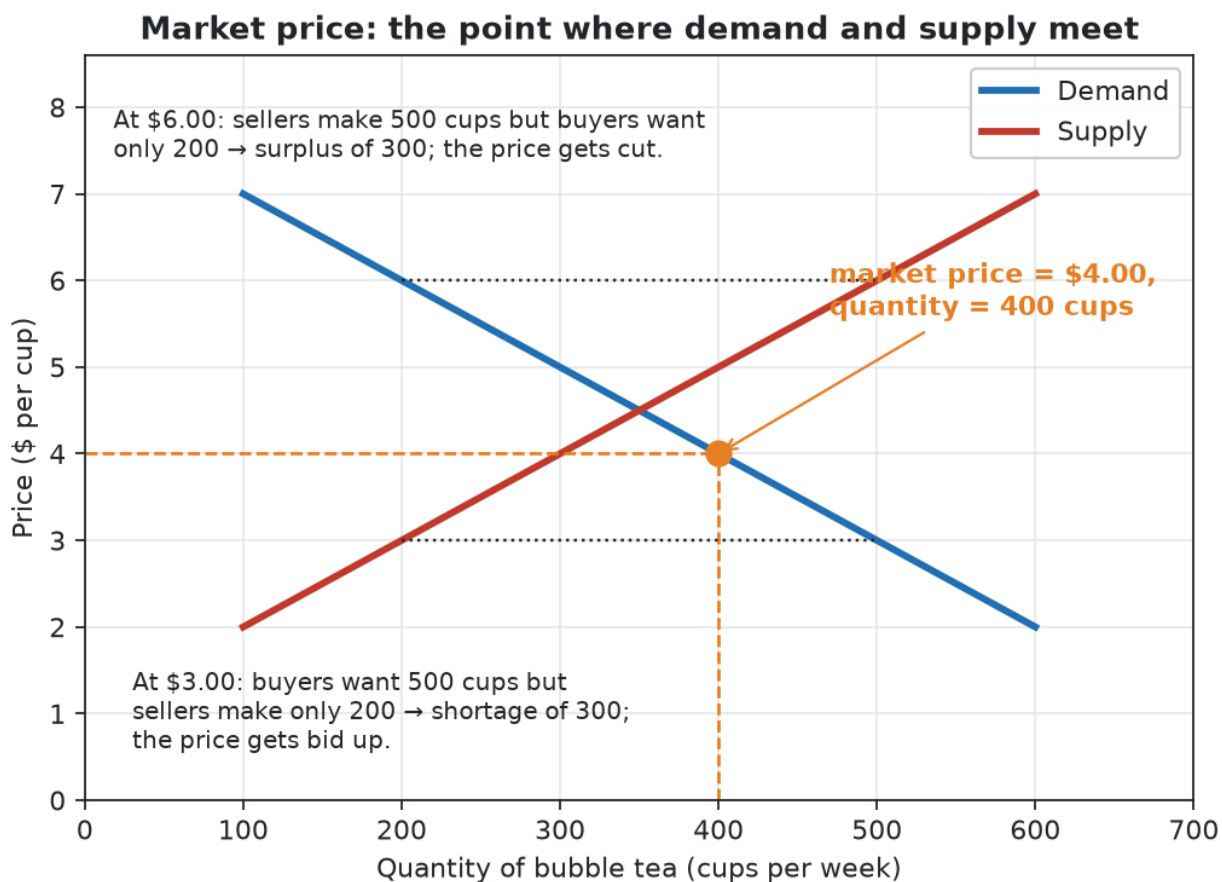


Figure 3 — The supply curve slopes up: a higher price means a bigger quantity supplied.

4. The price mechanism — how a market price is found

Put demand and supply on the same graph and they cross at one point. That point gives the **market price** — also called the **equilibrium** price (*equilibrium* is a subject term meaning the point where the plans of buyers and the plans of sellers match, so there is no pressure for the price to change).



Figure

4 — The market price is found where demand and supply cross.

How does a real market get to that point?

- **At a price above the market price** (say \$6.00), sellers make 500 cups but buyers only want 200. Unsold cups pile up — a **surplus** (too much for sale at that price). To clear their fridges, sellers cut the price.
- **At a price below the market price** (say \$3.00), buyers want 500 cups but sellers only make 200. Queues form and shelves go empty — a **shortage** (not enough for sale at that price). Buyers bid the price up.
- **At \$4.00**, the amount buyers want equals the amount sellers make. The price settles there until something changes demand or supply.

This is the **price mechanism**: the process by which what buyers want and what sellers offer meet through price, deciding how scarce resources get used. Price does three jobs at once: it carries **information** (a rising price tells sellers “buyers want more of this”), it gives an **incentive** (a higher price makes it worth a business’s while to produce more), and it **ration**s what is scarce (when there is not enough to go around, the price decides who gets it — those willing and able to pay).

When a good’s price rises, the incentive job redirects resources: workers, money, ingredients and machines move **towards** making more of that good. When a price falls, resources move **away**. That is how a free market allocates scarce resources without any one person giving the orders.

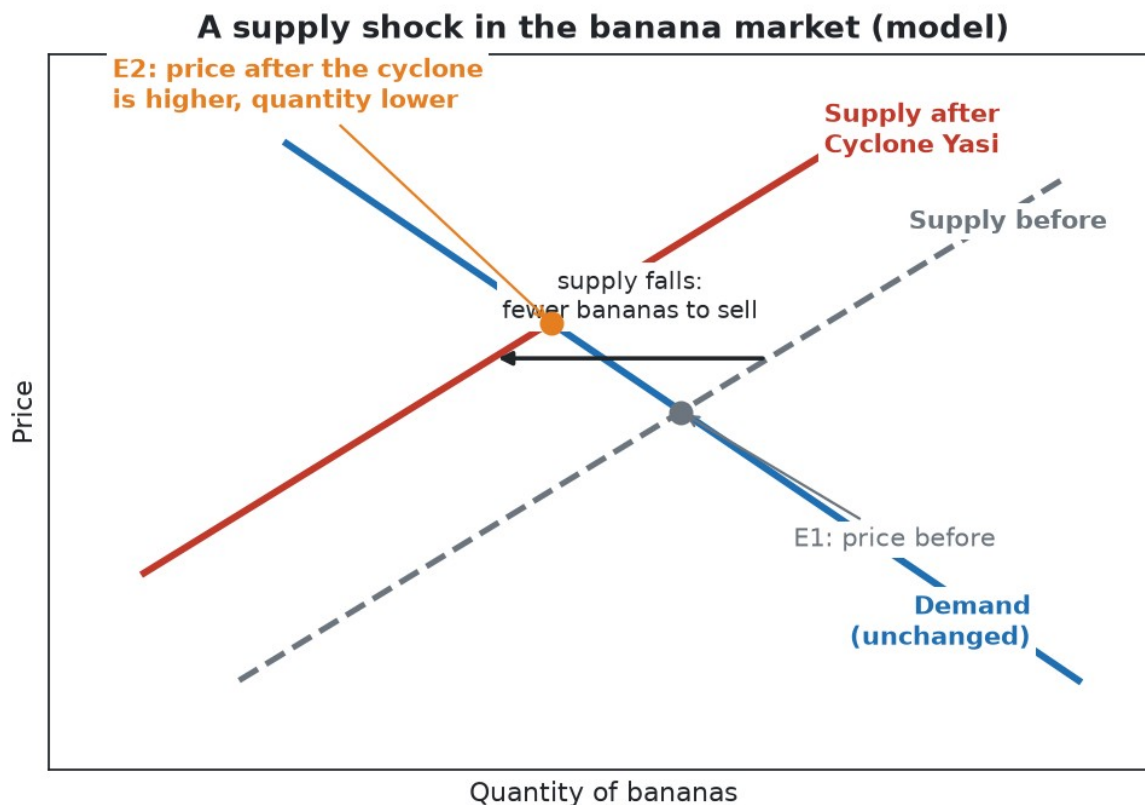
Worked example 1 — a supply shock: bananas after Cyclone Yasi (*scaffolded*)

The story (real and dated). On 3 February 2011, Cyclone Yasi — a Category 5 severe tropical cyclone — crossed the North Queensland coast and destroyed at least 75% of Australia’s banana crop. Most of Australia’s bananas grow in that region, so the country’s supply of bananas suddenly fell.

Step 1 — which curve moves? The cyclone did not change how much people *want* bananas (demand stays where it is). It changed how many bananas there *are to sell* — so the **supply** curve shifts to the left.

Step 2 — what happens at the old price? At the old price there are now fewer bananas than buyers want: a **shortage**. Buyers bid against each other, and the price is pushed up.

Step 3 — the new market price. The price rises until the smaller supply once again matches demand. In the diagram, the market moves from E1 to E2: a **higher price and a smaller quantity**. The higher price also does its rationing and incentive jobs: bananas go to the buyers who value them most, and growers are rewarded for every surviving bunch — and for planting new crops to replace the ones lost.

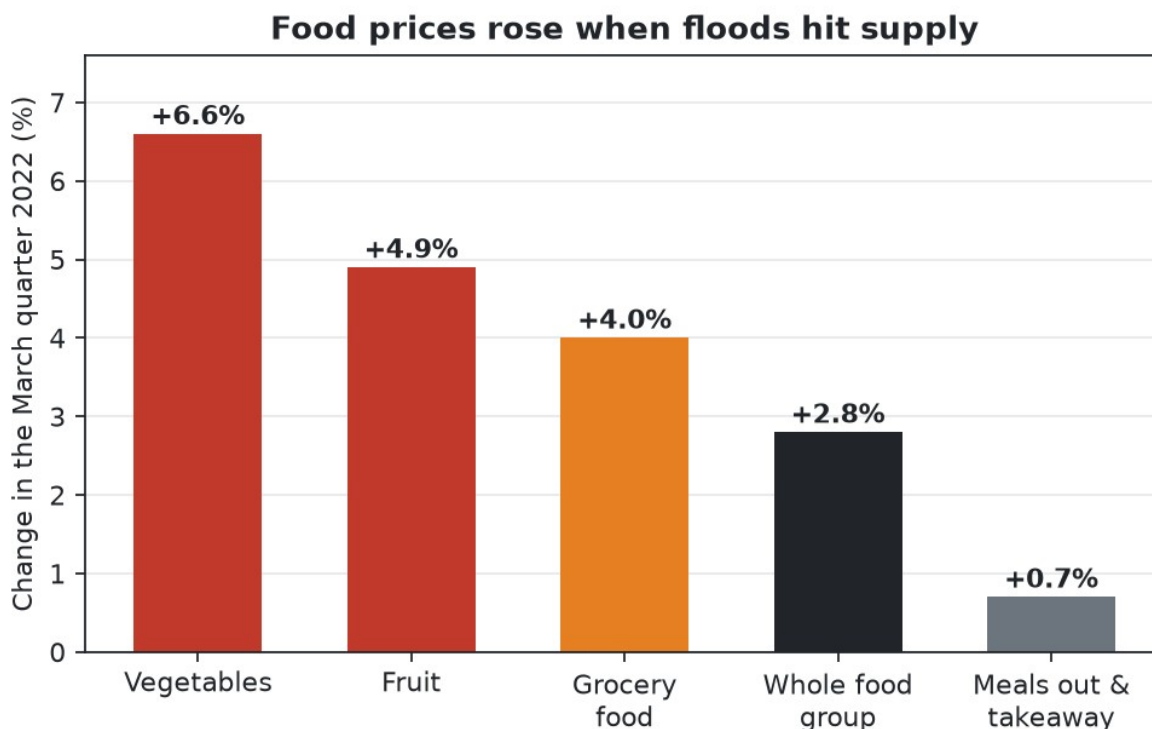


Cyclone Yasi (February 2011) destroyed at least 75% of Australia's banana crop.

Figure 5 —

A supply shock: less to sell means a higher market price (model diagram).

The same mechanism showed up in official price data eleven years later, when floods hit vegetable farms. The Australian Bureau of Statistics reported that in the March quarter 2022, vegetable prices rose 6.6% and fruit prices rose 4.9%, with flooding in production areas of New South Wales and Queensland disrupting supply.



Source: ABS, Consumer Price Index, Australia, March quarter 2022 (released 27 April 2022).

Figure 6 —

Real data: when floods cut supply, food prices rose (ABS, March quarter 2022).

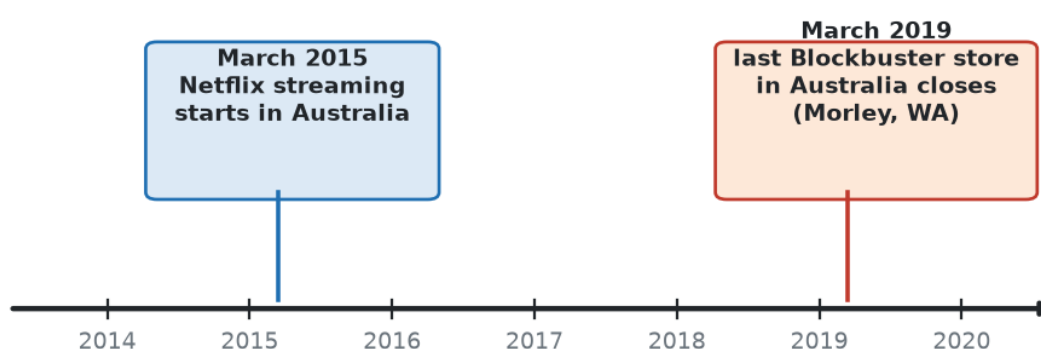
Check your reading: in both events, the *supply* of food fell while demand stayed much the same. The price mechanism then did its three jobs — it carried the news of the shortage (information), made it worth trucking food in from farther away (incentive), and shared the smaller supply among the buyers who paid the higher price (rationing).

5. Consumer sovereignty — the customer is in charge

Consumer sovereignty is used in this section in the sense the curriculum gives it (elaboration VC2HE8K02.E03): the idea that **what consumers choose to buy drives what gets sold, in what quantity and at what price**. In a free market, every dollar you spend is a vote for something to be produced. Businesses that get lots of votes grow and attract resources; businesses that lose votes shrink and lose resources. Producers do not decide what gets made — consumers do, through what they choose to buy.

A clear Australian example is how people watch movies at home.

Consumer sovereignty at work: how Australians watched movies changed



Consumers spent their dollars on streaming instead → money and resources left the video-rental market.

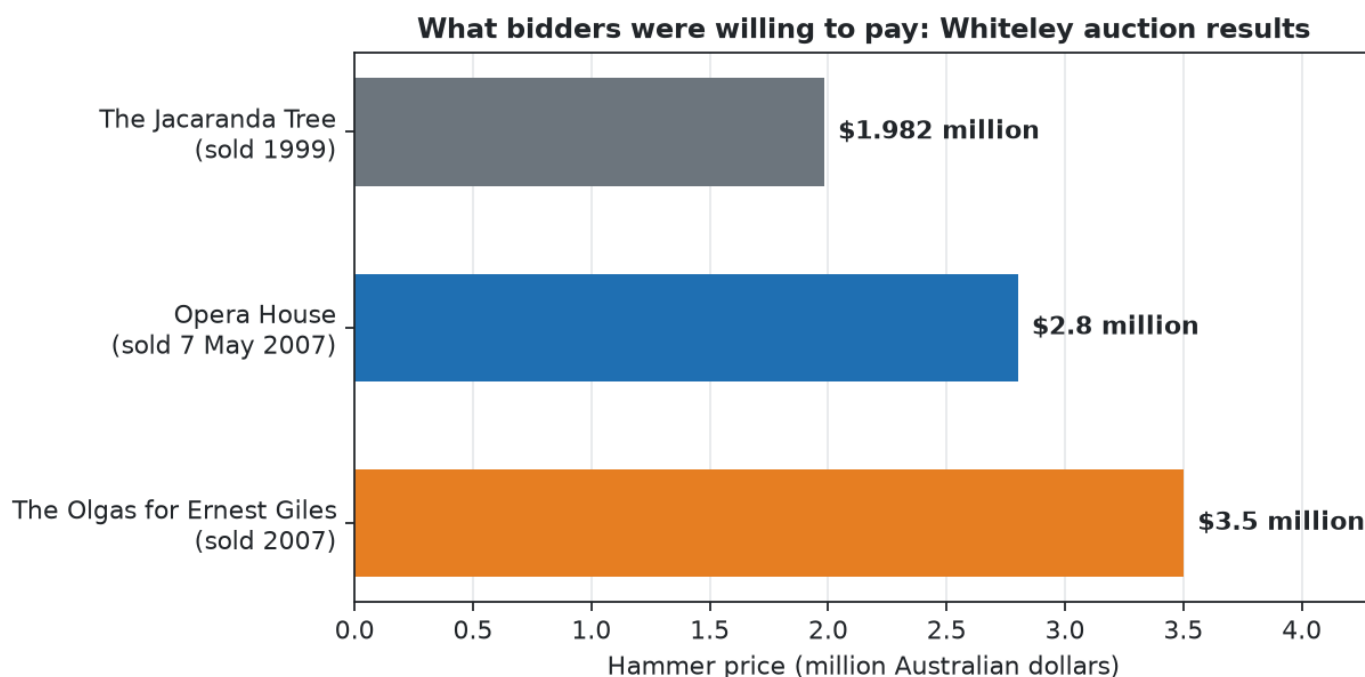
Figure 7 — Consumer sovereignty at work. Australians voted with their dollars for streaming; the resources behind video rental (shops, staff, stock) moved to what consumers now wanted.

When Netflix began streaming in Australia in March 2015, consumers switched their spending. Four years later, in March 2019, the last Blockbuster video-rental store in Australia closed, at Morley in Western Australia. Nobody ordered the change. Consumers chose, prices and profits carried the message, and resources were reallocated.

Two views, both worth knowing. Consumer sovereignty says consumers rule the market. A competing view — associated with the economist John Kenneth Galbraith in *The Affluent Society* (1958) — says businesses are not passive: through advertising and branding they **shape** what consumers want, so the sellers write some of the “votes” too. Galbraith’s strongest point is real: think of a phone ad that makes you want a model you had never heard of. The sovereignty view’s strongest point is also real: no amount of advertising saved video rental once streaming was better and cheaper — in the end, Blockbuster still closed. Most economists hold both ideas at once: advertising can nudge wants, but consumers still hold the final vote, and a business that ignores what consumers actually choose to buy does not last.

Worked example 2 — an auction: how the final price is set (*scaffolded*)

The story (real and dated). An auction is the price mechanism in its purest form: the price rises in front of everyone until only one buyer is left. In 2007, the Australian painter Brett Whiteley’s work *The Olgas for Ernest Giles* sold at auction for \$3.5 million — an Australian record for a painting at the time. In the same year his *Opera House* sold for \$2.8 million, and in 1999 *The Jacaranda Tree* had sold for \$1.982 million.



Source: Wikipedia, "Brett Whiteley" (viewed 26 August 2026).

Figure 8 — What bidders were willing to pay: three Whiteley auction results.

How was the final price determined?

1. **Many buyers, one item.** A Whiteley record painting is one of a kind — its supply is fixed at one. So the price is set entirely on the demand side: by how strongly the bidders want it and how much they can pay.
2. **The bidding carries information.** Each raise of a paddle tells everyone what the next-most-keen buyer thinks the painting is worth. The auctioneer keeps raising the price while two or more bidders stay in.
3. **The hammer falls at the second-keenest bidder's limit.** The final price ends just above the amount the *runner-up* was willing to pay. The winner pays that, not their own secret top price. That is why the final price of an auction is "set where it was": it is the point where demand (two keen buyers) met the fixed supply (one painting).
4. **Why not more, why not less?** A lower price would leave two willing buyers and a shortage — the price would be bid up. A higher price would leave no buyer at all — a surplus of zero sales.

If you watch any auction — a house on Saturday morning, an online auction, a market auction — you will see the same machine working: the price climbs until shortage turns into a single buyer, and that final bid **is** the market price for that moment. (You will try this yourself in Q8.)

6. When demand does not set the price — the limits of consumer sovereignty

Consumer sovereignty runs most of Australia's markets, but not all of them. Sometimes a society chooses that price will **not** do the rationing.

Wartime rationing. In World War 2, Australia needed to send food and clothing to the war effort and to stop prices shooting up at home. So from 1942 the government rationed everyday goods: to buy them you had to hand over coupons from a ration book as well as money. Demand did not decide who got butter or sugar — the rules did.

Rationing in Australia during World War 2 (coupons had to be handed over before rationed goods could be sold)

Good	Began	Ended	Adult ration (at start)
Clothing	12 June 1942	24 June 1948	112 coupons a year
Tea	3 July 1942	July 1950	half a pound (227 g) every 5 weeks
Sugar	29 August 1942	3 July 1947	2 pounds (907 g) a fortnight
Butter	7 June 1943	June 1950	1 pound (454 g) a fortnight
Meat	14 January 1944	24 June 1948	2¼ pounds (1.02 kg) a week

Rations listed are the first amounts set; they were cut later. Source: Australian War Memorial, "Rationing" (awm.gov.au), viewed 26 August 2026.

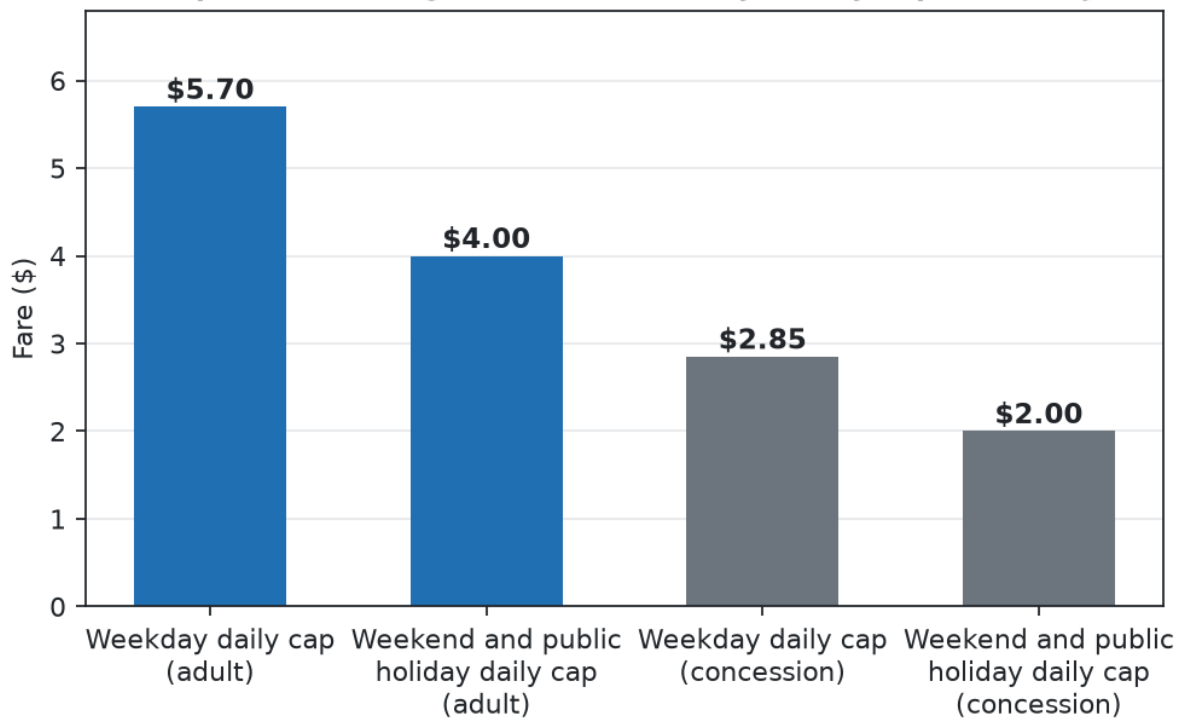
Figure 9 — Rationing by coupon, not by price: Australia in World War 2 (source: Australian War Memorial).

With rationing, a person with lots of money could not buy more than their coupons allowed — the price mechanism was switched off on purpose, so that scarce goods were shared by rule (fair shares for all) rather than by who could pay the most.

Essential services. Health care and public transport are two more examples where Australia mostly does not let demand alone set the price:

- **Health.** A sick person should not miss treatment because they cannot pay the market price. Through Medicare, the government pays for much of the cost of seeing a doctor or going to hospital, and sets the fees it will fund.
- **Public transport.** In Victoria, the government sets myki fares — and even caps them. From 1 June 2026, an adult who travels in Melbourne pays at most \$5.70 on a weekday and \$4.00 on a weekend or public holiday, no matter how many trips they make, and concession card holders pay less.

Public transport fares the government sets: myki daily caps, from 1 June 2026



Source: Public Transport Victoria fares as listed in Wikipedia, "Myki" (viewed 26 August 2026).

Figure 10 — A price set by choice, not by the market: Victorian myki fare caps from 1 June 2026.

These prices are **policy choices** about fairness and access, made by governments answerable to voters. If a myki fare were a free-market price, a crowded line in peak hour would push it up; instead it stays at the cap because the government says so.

What does set a price? The case of petrol. Even where demand matters, it is only one of several factors. The price of petrol at the pump is influenced by:

- **available supply** — how much fuel reaches the market (world events and decisions by oil producers change this);
- **the level of consumer demand** — how much driving people do (more in holidays and long weekends);
- **costs of production** — the cost of crude oil, refining and transport, plus taxes: in February 2026 the Australian fuel excise was 52.6 cents a litre, and from April to June 2026 the government cut it to 20.6 cents a litre to ease cost-of-living pressure;

- **competition in the market** — a street with three service stations usually has keener prices than a town with one.

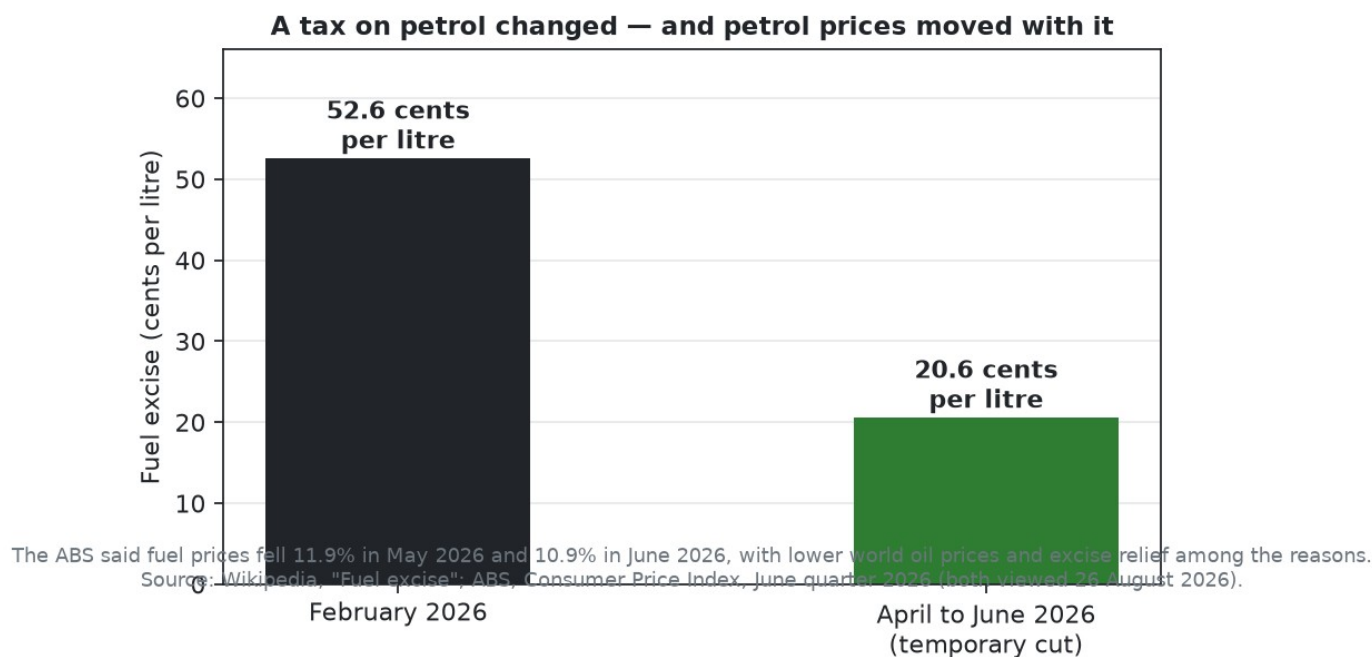


Figure 11 — Real data: a change in one factor (a tax in the cost of production) and petrol prices moved with it (sources: Wikipedia "Fuel excise"; ABS, June quarter 2026).

When several of these factors moved at once in 2026 — lower world oil prices and the excise cut — the ABS reported that fuel prices fell 11.9% in May 2026 and 10.9% in June 2026. High price and low price each tell a story of supply, demand, costs and competition working together.

Practice questions

Scaffolded

- Q1.** (Figure 2) In the model bubble-tea market, how many cups are demanded at \$5.00? How many at \$2.00? What pattern do your two answers show?
- Q2.** (Figure 4) At a price of \$6.00, is there a shortage or a surplus, and how big is it? In which direction will the price move, and who does the moving — buyers or sellers?
- Q3.** (Figure 5) Name the event that shifted the supply of bananas. Did the market price rise or fall, and did the quantity bought rise or fall?
- Q4.** (Figure 7) According to the timeline, what did Australian consumers switch their spending to from 2015, and what eventually happened to the last Blockbuster store? What does this say about who decides what a free market produces?
- Q5.** (Figure 9) During World War 2, what else did a shopper need besides money to buy rationed goods such as butter? Why might a wartime government choose coupons over prices?
- Q6.** (Figure 10) Who sets the price of a myki trip in Victoria — buyers and sellers, or the government? State the adult weekday daily cap from 1 June 2026.

Unscaffolded

- Q7.** Choose a market you know (a canteen, a market stall, an online store). Construct your own demand and supply diagram like Figure 4, with made-up numbers in a schedule, and mark the market price. Explain in two or three sentences what would happen to the price if a second seller opened next door.

Q8. Observe an auction — a property auction, an online auction or a market auction. Record the starting price, the final price and roughly how many bidders stayed in at the end. Then discuss: how and why was the final price set where it was? Use the words *demand*, *supply*, *shortage* and *bid* in your answer.

Q9. Health care, public transport and wartime butter are three examples where Australia does not let consumer demand alone set the price and who gets the good. Choose **two** of them and explain, for each, one reason a society might make that choice.

Q10. Use the four factors from Section 6 (available supply, consumer demand, costs of production, competition) to explain why Australian petrol prices fell in May and June 2026. For each factor you use, say whether it pushed the price up or down.

Source inquiry task

Read this short source, then answer the questions that follow.

Source: Australian Bureau of Statistics, *Consumer Price Index, Australia*, June quarter 2026 (released 29 July 2026), commentary on the June 2026 monthly figures: “Automotive fuel was the main offsetting contributor (−7.3%) ... fuel was down 10.9% in June 2026 after a fall of 11.9% in May 2026, reflecting lower world oil prices and continuing fuel excise relief measures.”

S1. In your own words, what happened to fuel prices in May and June 2026 according to this source?

S2. The source names two reasons for the change. Match each reason to one of the four price factors from Section 6 (available supply, consumer demand, costs of production, competition).

S3. Who produced this source, and why does that make it a strong source for a claim about Australian prices? Give one reason a careful reader would still check the date before re-using the figures.

S4. The price mechanism says a falling price frees resources to move away from that good. Predict one change Australian drivers, or businesses that use fuel, might make after several months of cheaper fuel.

Answers

- Q1.** 300 cups at \$5.00; 600 cups at \$2.00. A lower price means a larger quantity demanded — the demand curve slopes down.
- Q2.** A surplus of 300 cups (500 made, 200 wanted). Sellers cut the price (down towards \$4.00) to clear the unsold cups.
- Q3.** Cyclone Yasi (February 2011) destroyed at least 75% of the banana crop and shifted supply to the left. The market price rose and the quantity bought fell.
- Q4.** Consumers switched their spending to streaming (Netflix arrived in March 2015); the last Blockbuster store closed in March 2019 at Morley, WA. It shows consumers, not producers, finally decide what a free market makes: resources followed the consumers' dollar votes out of video rental.
- Q5.** Coupons from a ration book. A wartime government may prefer coupons so that everyone gets a set share of scarce goods, instead of the goods going only to those who can pay the highest price.
- Q6.** The government sets (caps) myki fares. The adult weekday daily cap from 1 June 2026 is \$5.70.
- Q7.** Answers will vary. A good answer shows a schedule and both curves crossing at a marked market price, and explains that a second seller increases supply, creating a surplus at the old price, so the price falls.
- Q8.** Answers will vary. A good answer notes the fixed supply (one item/one house), the competing bidders (demand), and that the final price settled just above the amount the runner-up would pay — where the shortage of “one item, many buyers” finally ran out of bidders.
- Q9.** Any two, reasoned. *Health*: a society may decide people should not go without treatment because they cannot pay, so Medicare and government-set fees take the place of the market price. *Public transport*: fares are capped so that people on low incomes can still get to work and school. *Wartime butter*: coupons gave every family a fair share when total supply had to go to the war effort.
- Q10.** Available supply / costs of production: lower world oil prices made fuel cheaper to produce and more available — pushing the price **down**. Costs of production: the excise cut (52.6c to 20.6c a litre) removed about 32 cents of cost from each litre — pushing the price **down**. Consumer demand and competition may push either way, but the two factors above are the ones the ABS named.
- S1.** Fuel prices fell — down 11.9% in May 2026 and a further 10.9% in June 2026.
- S2.** “Lower world oil prices” is a supply / cost-of-production factor (cheaper crude oil makes fuel cheaper to produce). “Fuel excise relief measures” is a cost-of-production factor (a tax is part of the cost of getting fuel to the pump).
- S3.** The Australian Bureau of Statistics — the government's official statistics agency, which collects price data from real shops and pumps across the country, so it is a strong, checkable source. A careful reader checks the date because prices and taxes change quickly; 2026 figures do not describe 2024 or 2028.
- S4.** Any logical prediction, e.g. drivers may drive more or switch back to petrol cars for some trips; freight and delivery businesses may expand routes because each kilometre costs less — cheaper fuel makes using fuel more attractive, so more of it is demanded.
-

Sources (all viewed 26 August 2026): Australian Bureau of Statistics, Consumer Price Index, Australia, March quarter 2022 (released 27 April 2022) and June quarter 2026 (released 29 July 2026); Australian War Memorial, “Rationing”, awm.gov.au; Wikipedia, “Cyclone Yasi”; Wikipedia, “Brett Whiteley”; Wikipedia, “Blockbuster (retailer)”; Wikipedia, “Netflix”; Wikipedia, “Fuel excise”; Wikipedia, “Myki” (Public Transport Victoria fares effective 1 June 2026).

Why businesses exist, who owns them and who they sell to

Curriculum: Victorian Curriculum 2.0, Humanities — Economics and Business, Levels 7 and 8 band. **Content description:** VC2HE8K03. **What this section covers:** why businesses exist, who owns them, what they make and who they sell to — plus how a business spots a market opening. **Draws on (linkage keys, not a teaching order — D7):** .E01 ownership structures and their advantages and disadvantages · .E02 comparing local businesses as a visual representation · .E03 why businesses exist and the three sectors · .E04 comparing two businesses as a poster. (.E05 is excluded from this book — see the front-of-book note.)

Theory

What is a business? A *business* is an organisation that produces *goods* (things you can hold, like bread or bikes) or provides *services* (things done for you, like a haircut or a bus ride). Most businesses are set up to make a *profit*, but some are set up mainly to help people or a cause.

1. Why businesses exist: purposes and goals

Most businesses exist for three connected reasons, shown in the diagram below. They **produce goods and services** that people want, they aim to **make a profit** so they can keep running, and they **provide employment** (jobs and wages) for people in their community.



Three purposes of a business: producing goods and services, making a profit, and providing employment, with other possible goals noted below

A business can have more than one goal at the same time. As well as profit, a business may want to **grow** (sell more or open more stores), to win a bigger **share of the market** (a bigger slice of total sales than its rivals), or to look after its community or the environment. The table below lists common goals with notes.

Goals businesses may have

Goal	What it means	Notes
Make a profit	Earn more money than the business spends.	Needed for most businesses to stay open and pay their workers.
Grow	Sell more, open more stores or serve more customers.	A bigger business can often buy and make things more cheaply.
Win market share	Take a bigger slice of total sales than rivals do. Two supermarkets selling to the same shoppers both want the bigger slice.	
Serve the community or the environment	Help people, or cut harm to the environment.	Charities and some social businesses put this goal first.

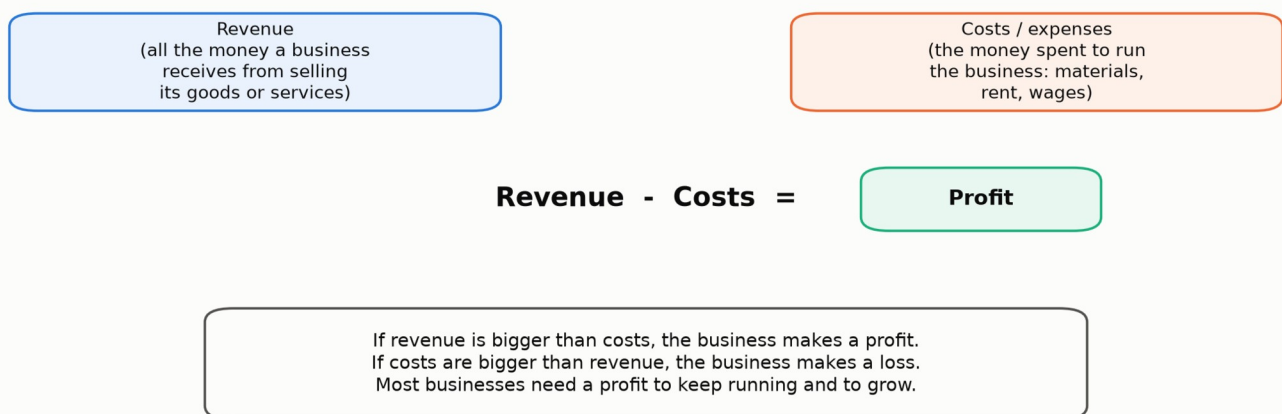
Table of common business goals: make a profit, grow, win market share, and serve the community or environment

Not every business puts profit first. A *charity* or *not-for-profit* organisation exists to serve a cause, and any money left over is put back into that cause rather than paid to owners.

2. How profit is calculated

The key goal of most businesses is profit. Profit is what is left after all costs are paid.

How profit is calculated



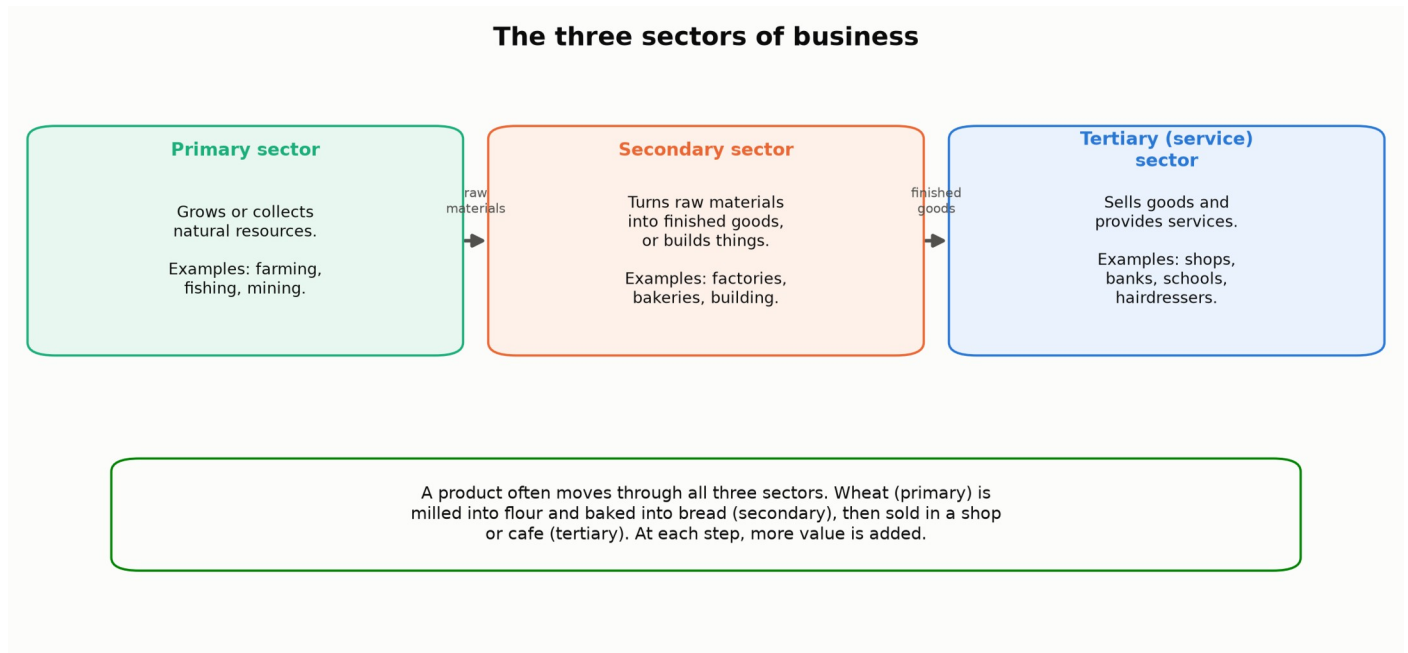
Example: a bakery takes \$500 in sales (revenue) and spends \$320 on ingredients, rent and wages (costs). Profit = \$500 - \$320 = \$180.

Model showing revenue minus costs equals profit, with a loss occurring when costs are bigger than revenue

The words matter here. *Revenue* is all the money a business receives from selling its goods or services. *Costs* (or *expenses*) are the money the business spends to run — materials, rent, wages and power. *Profit* is revenue minus costs. If costs are bigger than revenue, the business makes a *loss* instead.

3. Categories of business: the three sectors

Businesses are grouped into three *sectors* according to the type of product or activity they are involved in.

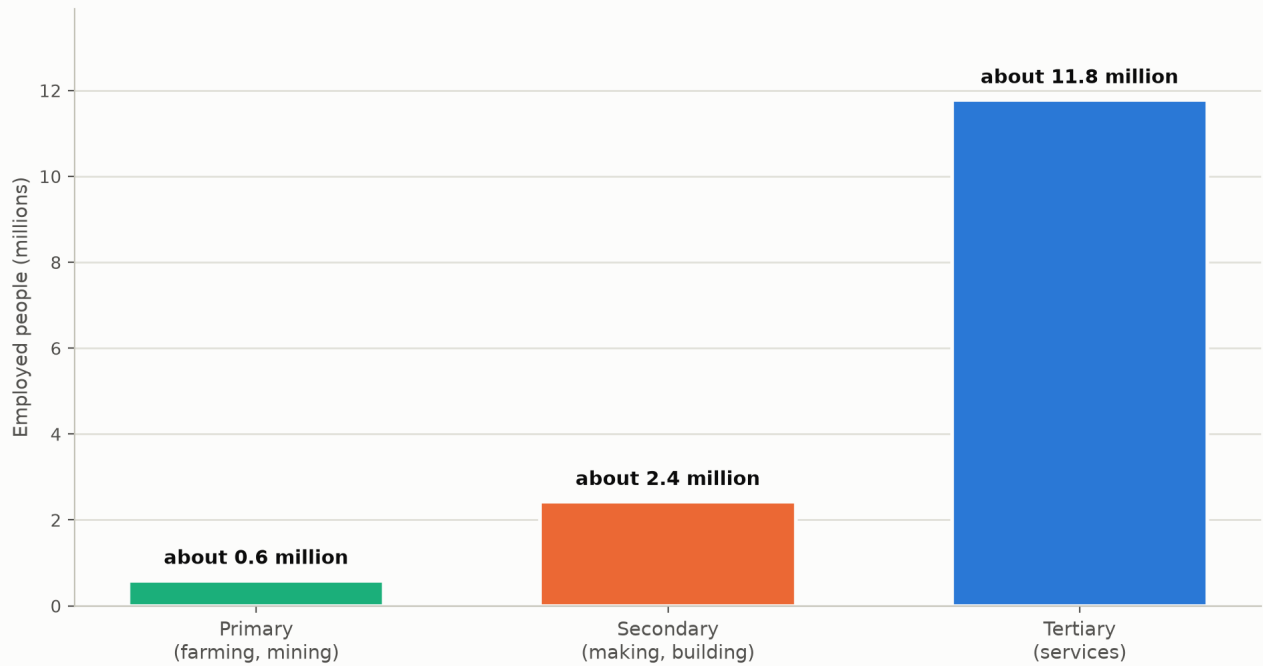


The three sectors: primary (grows or collects resources), secondary (makes goods), tertiary (sells goods and provides services), joined as a chain

- **Primary sector** — grows or collects natural resources: farming, fishing, forestry and mining.
- **Secondary sector** — turns raw materials into finished goods, or builds things: factories, bakeries and building.
- **Tertiary (service) sector** — sells goods and provides services: shops, banks, schools, transport and hairdressers.

A single product often passes through all three sectors. In Australia, far more people now work in the service (tertiary) sector than in the primary sector. The chart below shows how Australian workers are spread across the three sectors, using the latest published figures.

Where Australians work: employed people by sector, May 2026



About 80% of Australian workers are in the service (tertiary) sector; about 4% in primary industries. (Calculated from the division values above.)

Source: ABS, Labour Force, Australia, May 2026, Table 020 (released 25 June 2026), seasonally adjusted; sectors grouped from ANZSIC divisions (retrieved 26 August 2026).

Bar chart of employed people in Australia by sector, showing the tertiary service sector employs far more people than the primary and secondary sectors

4. Categories of business: ownership structure

A second way to categorise a business is by who owns it. There are three main *ownership structures*, each with advantages and disadvantages.

Three ways to own a business

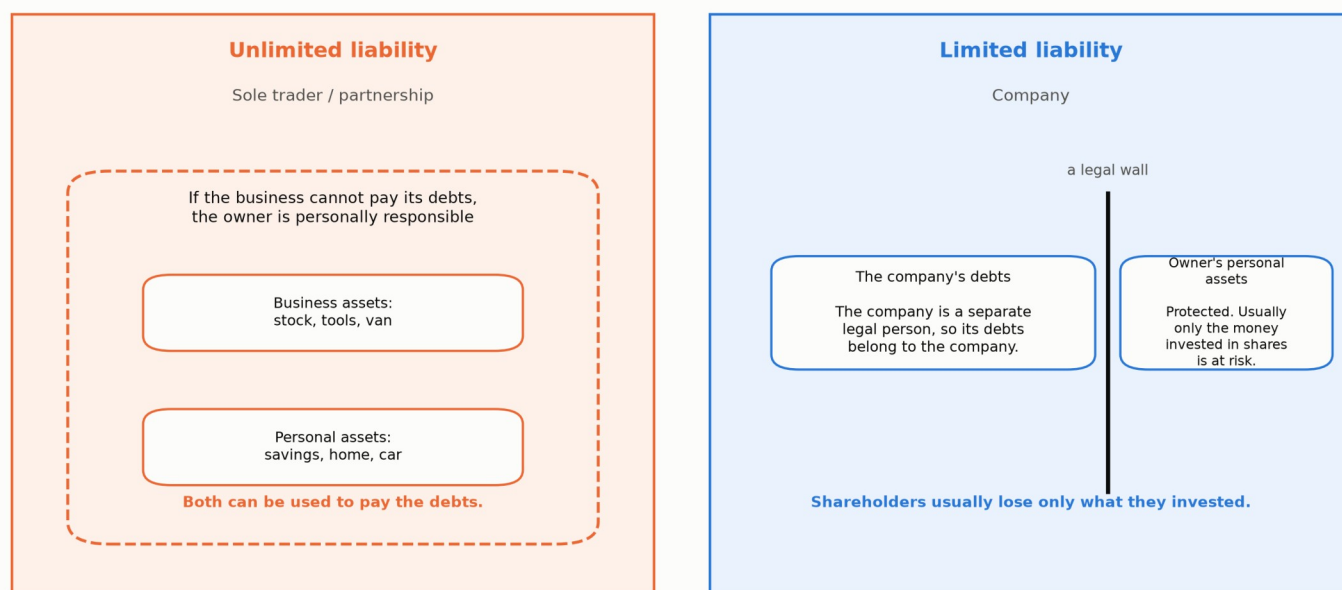
	Sole trader (sole proprietorship)	Partnership	Company (corporate structure)
Who owns it?	One person.	Two or more people (usually 2-20).	Shareholders own shares. The company is a separate legal person.
Who runs it?	The owner makes all the decisions.	The partners decide together.	Directors and managers run it for the shareholders.
Liability for debts	Unlimited. The owner is personally responsible.	Unlimited. Partners are personally responsible.	Limited. Shareholders usually lose only what they invested.
Who keeps the profit?	The owner keeps all of it.	Shared between the partners.	The company keeps it; shareholders may receive dividends.
Advantages	Easy and cheap to start. You are your own boss. Keep all the profit.	Share ideas, skills and costs with others.	Limited liability. Easier to raise money by selling shares. Can grow large.
Disadvantages	Unlimited liability. One person carries all the risk and may lack money.	Partners can disagree. Profit is shared.	Costs more and takes more paperwork. More rules to follow. Decisions slower.

Comparison table of sole trader, partnership and company across ownership, control, liability, profit and advantages and disadvantages

- **Sole trader (sole proprietorship)** — one person owns and runs the business. It is the easiest and cheapest way to start, and the owner keeps all the profit, but the owner carries all the risk and may find it hard to raise money.
- **Partnership** — two or more people (usually 2 to 20) own the business together. Partners share ideas, skills and costs, but they must agree on decisions and they share the profit.
- **Company (corporate structure)** — the business is a separate legal person owned by *shareholders* (people who hold *shares* in it). It can raise large amounts of money by selling shares and can grow very large, but it costs more to set up and must follow more rules.

A key difference between these structures is *liability* — who is responsible under the law if the business cannot pay its debts.

What does liability mean for the owner?



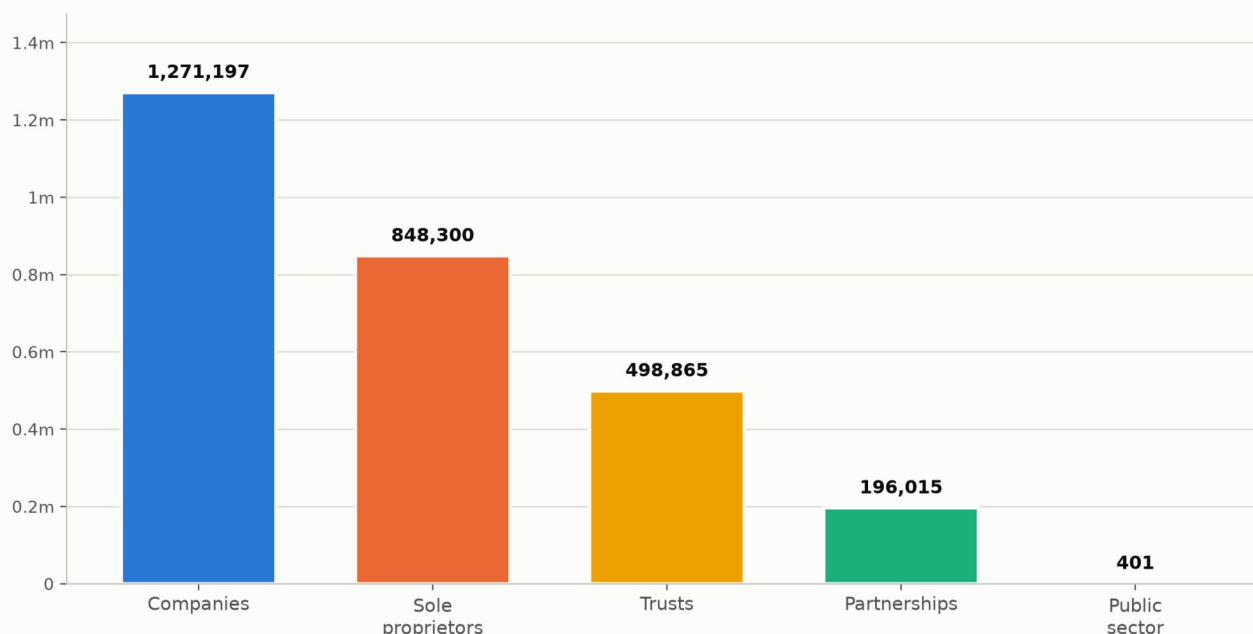
Liability = being legally responsible for something, such as a debt.

Diagram contrasting unlimited liability, where a sole trader's personal assets are at risk, with limited liability, where a company shareholder usually loses only what they invested

A sole trader or partner usually has **unlimited liability**: if the business fails, their own savings and property can be used to pay its debts. A company's shareholders usually have **limited liability**: they lose only the money they invested, because the company is a separate legal person.

Most Australian businesses are small. The chart below, from the Australian Bureau of Statistics (ABS), counts Australian businesses by ownership structure. Sole traders and small companies make up most of them.

Australian businesses by legal structure, 30 June 2026



Most Australian businesses are small: 1,818,575 of the 2,814,778 actively trading businesses had no employees.

Source: ABS, Counts of Australian Businesses, including Entries and Exits, July 2022 - June 2026, cat. 8165.0, Table 10 and Key statistics (retrieved 26 August 2026).

Bar chart counting Australian businesses by legal structure, showing which structure is most common

5. Target market

A business rarely sells to everyone. Its *target market* is the group of buyers it aims its products and advertising towards. A business that sells to as many people as possible serves a **mass market**; one that serves a small, specific group with special wants serves a **niche market**.

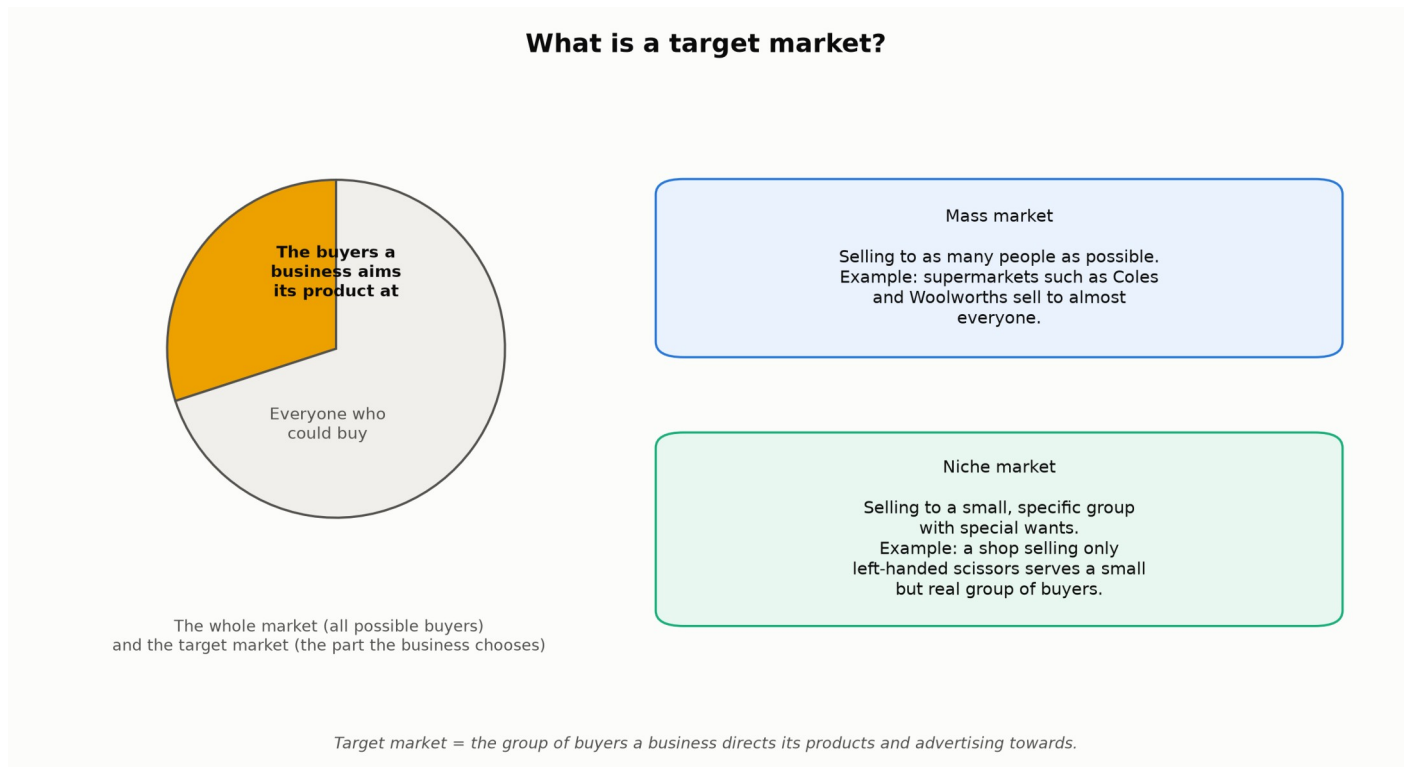


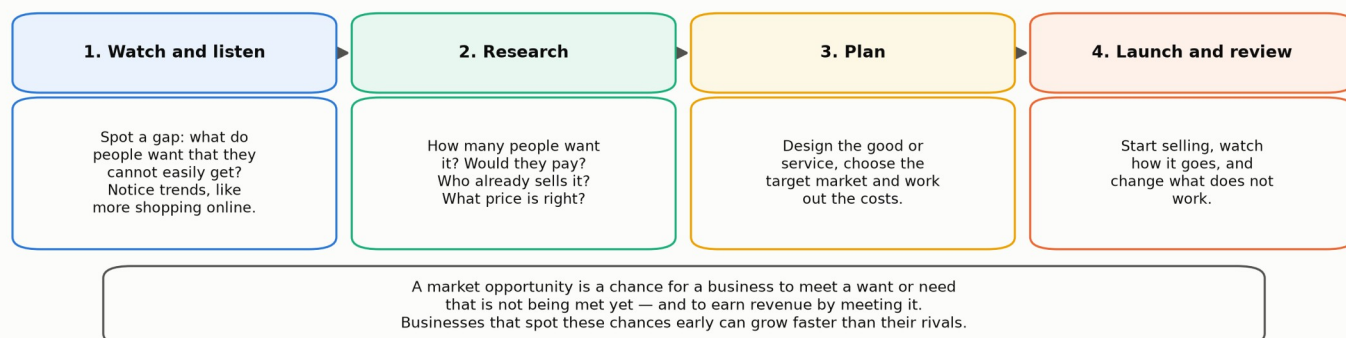
Diagram showing a target market as the part of the whole market a business chooses, contrasting a mass market with a niche market

Choosing a target market helps a business decide what to make, what price to charge and how to advertise. A supermarket aims at a mass market — almost everyone eats. A shop that sells only one special kind of product aims at a niche market.

6. Market opportunity

A *market opportunity* is a chance for a business to meet a want or need that is not yet being met — and to earn revenue by meeting it. Businesses find opportunities by watching what people want, noticing gaps and following trends, then acting on what they find.

How a business can find and use a market opportunity



Four-step flow: watch and listen, research, plan, then launch and review, explaining how a business finds and uses a market opportunity

A business that spots an opportunity early can grow faster than its rivals. The worked examples below show real Australian businesses and how these ideas apply to them.

7. Putting it together: comparing real businesses

The model poster below compares two real Australian businesses using everything in this section: type of product, sector, ownership structure, size, target market and goal.

Model poster: comparing two real Australian businesses

	Bunnings Warehouse	Smiggle
Type of product	Hardware and garden goods: tools, timber, plants, paint.	Fun stationery, bags and accessories for school.
Sector	Tertiary - it sells goods to customers.	Tertiary - it sells goods to customers.
Ownership structure	Company. Owned by Wesfarmers, a large Australian company listed on the ASX.	Company. Part of the Just Group, owned by Premier Investments, listed on the ASX.
Size	One of Australia's biggest hardware chains, with stores in every state.	A smaller chain, with stores in Australia and overseas.
Target market	Mass market: homeowners, renters, builders and tradespeople.	Niche market: school kids and teens (and the parents who pay).
Main goal	Profit and growth for its shareholders.	Profit and growth for its shareholders.

A poster like this compares businesses by product type, sector, ownership structure, size, target market and goal (Q11).

Model poster comparing Bunnings Warehouse and Smiggle by type of product, sector, ownership structure, size, target market and main goal

Both businesses are companies in the tertiary sector, yet they aim at very different markets: Bunnings serves a mass market, while Smiggle serves a niche market. In Q11 you will make your own poster like this for two businesses in your local area.

Worked examples

Example 1 — scaffolded

Categorise two real Australian businesses by sector and ownership structure.

Question	Bunnings Warehouse	Bega Cheese
What does it do?	Sells hardware, tools and garden supplies in big warehouses.	Makes and sells cheese, dairy and food products.
Sector	Tertiary (it sells goods to customers). Its products come from the secondary and primary sectors.	Secondary (it makes goods). It buys milk from the primary sector.
Ownership structure	Company — Bunnings is owned by Wesfarmers, a large Australian company listed on the ASX.	Company — Bega Cheese is itself a company listed on the ASX.

Reasoning: Selling to customers is a service activity (tertiary); making cheese is manufacturing (secondary). Both are companies because they are separate legal businesses owned by shareholders and listed on the Australian Securities Exchange (ASX).

Example 2 — scaffolded

Work out profit for a small business, then name its target market.

A Melbourne bakery takes \$1,200 in sales over a weekend. It spends \$450 on ingredients, \$300 on wages and \$150 on rent and power.

Working	Comment
Revenue = \$1,200	All the money received from sales.
Costs = \$450 + \$300 + \$150 = \$900	Add every cost.
Profit = \$1,200 – \$900 = \$300	Revenue minus costs.

The bakery makes a **profit of \$300**. Its target market is people in its local suburb who buy fresh bread and coffee — a mass market for everyday food, not a tiny niche.

Example 3 — unscaffolded

Identify the market opportunity a real business used.

Afterpay began in Sydney in 2014. Its founders noticed a gap: many online shoppers wanted to spread the cost of a purchase over a few weeks without using a credit card. Afterpay let shoppers buy now and pay later in instalments. The opportunity it used was **meeting a want (flexible payment) that existing shops and banks were not meeting**, and it grew quickly before rivals caught up.

Example 4 — unscaffolded

Compare the ownership structures of a sole trader and a company.

A local lawn-mowing business run by one person is a **sole trader**: easy to start, the owner keeps all the profit, but the owner has unlimited liability and must fund growth alone. A supermarket chain such as Woolworths is a **company**: it raises money by selling shares and its owners have limited liability, but it must follow more rules and report to shareholders. The sole trader suits a small, low-risk start; the company suits a large business that needs lots of capital.

Practice questions

Scaffolded

- Q1.** List the three main reasons most businesses exist.
- Q2.** A business receives \$800 in revenue and spends \$520 in costs. Calculate its profit and say whether it is a profit or a loss.
- Q3.** Put each business in the correct sector: (a) a wheat farm, (b) a furniture factory, (c) a bank.
- Q4.** Name the three ownership structures and say which one gives owners limited liability.
- Q5.** Define *target market* in one sentence.
- Q6.** Is a shop that sells only gluten-free dog treats a mass market or a niche market? Explain.

Unscaffolded

- Q7.** Explain why a sole trader might choose to become a company as the business grows.
- Q8.** A new cafe opens near a school and aims its menu and prices at students. Identify its target market and explain one advantage of choosing that market.
- Q9.** Describe one market opportunity in your local area (a want or need not yet met) and outline how a business could take advantage of it.
- Q10.** Compare a partnership and a company in terms of liability and how each raises money.
- Q11.** Choose two businesses you know in your local area. Make a poster, like the model poster in this section, that compares them by type of product, sector, ownership structure, size, target market and main goal.

Source inquiry task

Read the short source below, then answer the questions.

Source A (adapted from the Australian Bureau of Statistics, *Counts of Australian Businesses, including Entries and Exits*, ABS cat. 8165.0 — see the business-counts chart in this section for the figures and retrieval date). The ABS counts hundreds of thousands of Australian businesses each year. Most are small: a large share are sole traders with no employees, and only a small share are big employing companies.

- S1.** What does Source A tell us about the typical size of Australian businesses?
- S2.** Why might so many Australians choose to start as sole traders rather than companies? Give two reasons drawing on this section.
- S3.** Write one question you could investigate to check or extend what Source A claims.
-

Answers

Q1. Businesses exist to produce goods and services, make a profit and provide employment.

Q2. Profit = \$800 – \$520 = \$280. It is a profit (revenue is bigger than costs).

Q3. (a) Primary. (b) Secondary. (c) Tertiary.

Q4. Sole trader, partnership and company. The company gives owners limited liability.

Q5. A target market is the group of buyers a business aims its products and advertising towards.

Q6. Niche market, because it serves a small, specific group (owners of dogs that need gluten-free food) rather than almost everyone.

Q7. As a business grows it needs more money and faces more risk. A company can raise large amounts of money by selling shares and protects the owner with limited liability, so changing to a company suits a growing business.

Q8. Its target market is students at the nearby school. An advantage is that it can set prices and choose food that suit students, so it is more likely to win their custom than a cafe aimed at everyone.

Q9. Answers vary. A good answer names one unmet want or need (for example, no shop sells school uniforms nearby) and outlines a way to meet it (open a small uniform shop, or sell uniforms online with local delivery).

Q10. In a partnership the partners have unlimited liability and raise money mainly from their own savings or loans; in a company the shareholders have limited liability and the company raises money by selling shares.

Q11. Answers vary. A good poster compares both businesses across all six rows of the model poster (type of product, sector, ownership structure, size, target market, goal) and uses the right terms for sector and ownership structure.

S1. Most Australian businesses are small; many are sole traders with no employees, and few are large employing companies.

S2. Any two of: it is easy and cheap to start; the owner keeps all the profit; the owner is their own boss; there is less paperwork than a company.

S3. Answers vary. Example: “Has the share of sole traders grown or shrunk over the last five years?”

Fully-worked solutions

Q1. The diagram at the start of the section shows the three purposes: produce goods and services; make a profit; provide employment.

Q2. Profit = revenue – costs = \$800 – \$520 = \$280. Because revenue is bigger than costs, this is a profit, not a loss.

Q3. (a) A wheat farm grows a natural resource → primary. (b) A furniture factory turns wood into goods → secondary. (c) A bank provides a service → tertiary.

Q4. The three structures are sole trader, partnership and company. Only the company gives limited liability, because the company is a separate legal person; sole traders and partners have unlimited liability.

Q5. See the target-market diagram: a target market is the part of the whole market a business chooses to serve.

Q6. A niche market serves a small, specific group. Gluten-free dog treats suit only some dog owners, so this is a niche, not a mass, market.

Q7. Growth needs capital and brings risk. A company raises capital by selling shares and limits the owner’s liability, so a growing sole trader may become a company to get money and reduce personal risk.

Q8. Target market = students at the nearby school. Advantage: by matching prices and menu to students, the cafe is more likely to attract and keep those customers instead of competing for everyone.

Q9. A market opportunity is an unmet want or need. Example: if no business nearby repairs bikes, a student or local could start a bike-repair service, choose the target market (cyclists and students), set a price and start small, then review.

Q10. Partnership: unlimited liability; money comes from partners' own funds or loans. Company: limited liability; money comes from selling shares. The company structure therefore suits bigger, riskier ventures.

Q11. Pick two businesses, say a local cafe and a big supermarket. For each one, fill in the six rows of the model poster: what it sells (type of product); primary, secondary or tertiary (sector); sole trader, partnership or company (ownership structure); how big it is (stores or staff); who it aims at (target market); and what it mainly tries to achieve (goal). Present it as a poster with one column per business, like the model poster.

S1–S3. Source A says most Australian businesses are small. Reasons to start as a sole trader include low start-up cost, keeping all profit and simple paperwork. A checking question might track how the share of sole traders changes over time.

Entrepreneurs: turning ideas into successful businesses

Chapter 1 — Scarcity, markets and business · Section 1D · Economics and Business 8

Curriculum focus — This section teaches Content Description **VC2HE8K04** in full, except for one clause of the curriculum’s sentence that is not taught in this book — see the note at the front of the book. The case studies and examples below follow the elaborations **VC2HE8K04.E02** (how businesses spot gaps and chances in markets), **VC2HE8K04.E03** (what entrepreneurs know, can do and are like) and **VC2HE8K04.E04** (entrepreneurs who used new technology or new approaches to get ahead of rivals). Elaboration VC2HE8K04.E01 is not part of this book.

Every drink you buy, every ride you book through an app and every parcel that arrives from an online shop started life as an idea in someone’s head. That someone is an **entrepreneur** — a person who spots a chance to start a business and is prepared to risk their own time and money to make it happen. The activity itself is called **entrepreneurship**.

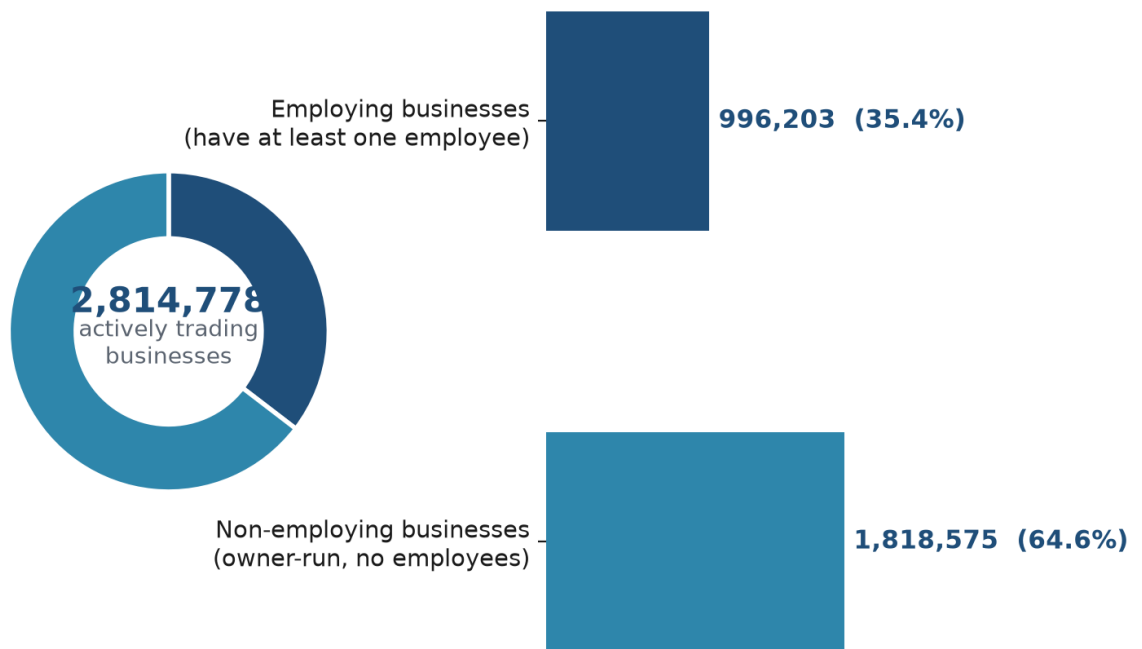
Defining the term — The Victorian Curriculum uses the words *business success* but does not define them. This section therefore treats it as: a business that survives its early years, keeps or grows its customers, and makes enough profit to keep going. Some owners also measure success in other ways — helping their community, or looking after the environment — and that is a fair frame too. We state our frame here so that every task in this section can be answered against it.

Teaching sequence

Part 1 — A country of entrepreneurs

Look at Figure 1. On 30 June 2026 there were **2,814,778** actively trading businesses in Australia — that is, businesses open and selling. Only 996,203 of them were employing businesses (businesses with at least one paid worker). The other 1,818,575 — nearly two out of every three — were non-employing businesses: owner-run, with no staff. Behind almost every one of those numbers is an entrepreneur who had an idea and acted on it.

Australian businesses at 30 June 2026: most do not employ staff

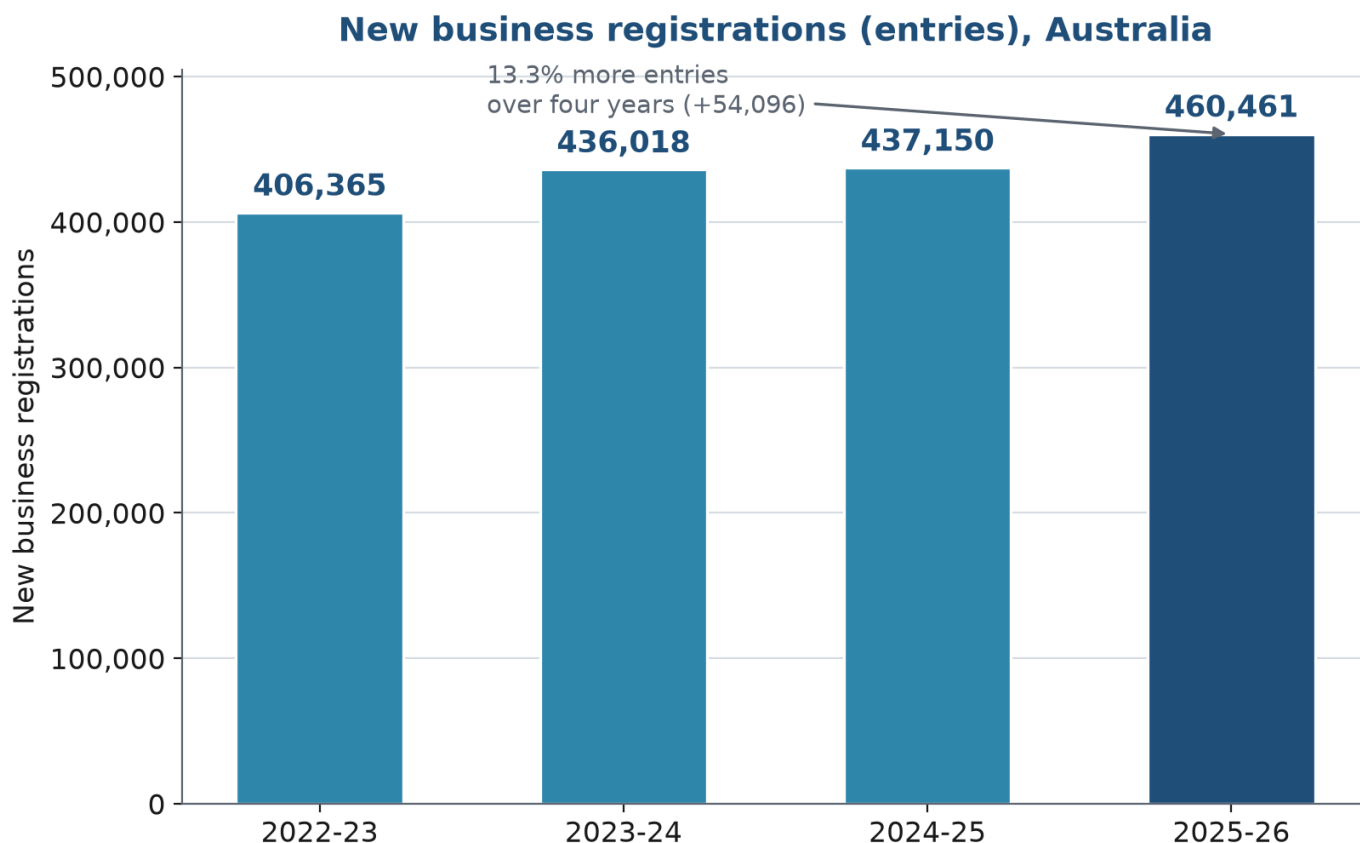


Source: ABS, Counts of Australian Businesses (cat. 8165.0), released 18 August 2026.

Donut chart and bar chart showing 2,814,778 actively trading Australian businesses at 30 June 2026, split into 996,203 employing businesses (35.4 per cent) and 1,818,575 non-employing businesses (64.6 per cent)

Figure 1 — Most Australian businesses are owner-run, with no staff.

And new ideas keep arriving. Figure 2 shows how many new businesses were registered in Australia each year from 2022-23 to 2025-26. In 2025-26 alone, **460,461** new businesses were registered — the biggest count of the four years. Someone made a choice, took a risk and started selling.



Source: ABS, Counts of Australian Businesses (cat. 8165.0), released 18 August 2026.

Bar chart of new business registrations in Australia: 406,365 in 2022-23, 436,018 in 2023-24, 437,150 in 2024-25 and 460,461 in 2025-26, an increase of 13.3 per cent over the four years

Figure 2 — New business registrations (entries), Australia.

Part 2 — Spotting the gap

So what do all these entrepreneurs see that other people miss? They see a **market opportunity**: a chance to sell something enough people want to buy, that the businesses already in the market are not supplying. The thing that is missing is called a **gap in the market**, and the group of buyers whose need is not met is often a **niche** — a small, clearly defined group of buyers with the same unmet need. Figure 3 shows how a niche sits inside a segment, and a segment sits inside the whole market.

Markets, segments and niches



Nested diagram of three groups: the whole market of drink-bottle buyers contains the segment of buyers wanting reusable bottles, which contains the highlighted niche of buyers wanting bottles that keep drinks cold for a whole school day

Figure 3 — Markets, segments and niches.

Figure 4 shows five real Australian businesses that each began with a spotted gap. Read the table carefully — you will use it in the tasks below.

Five Australian businesses built on a spotted gap

Business	Started	Founder(s)	Gap or opportunity spotted	What they did differently
Canva	2013, Perth	Melanie Perkins, Cliff Obrecht, Cameron Adams	Design programs were too hard for everyday users to learn	A simple drag-and-drop design tool that runs online
Boost Juice	2000, Adelaide	Janine Allis	Fruit smoothie bars were popular in the USA but rare in Australia	Fresh smoothies made in front of the customer; 550 stores by 2020
Kogan.com	2006, Melbourne	Ruslan Kogan	Electronics were cheaper to sell without expensive shops	Sold televisions and gadgets direct to buyers online at lower prices
RedBalloon	2001	Naomi Simson	There was no easy way to buy experience gifts such as balloon rides	An online experience-gift shop, started at home with \$25,000
Menulog	2006, Sydney	Dan Katz, Leon Kamenev, Kevin Sherman	Ordering takeaway by phone was slow and limited to local shops	An online ordering service linking many restaurants to customers

Facts from company and press reporting; see the source list at the end of this section.

Table of five Australian case studies — Canva, Boost Juice, Kogan.com, RedBalloon and Menulog — listing when each started, the founders, the gap or opportunity spotted, and what each one did that was new

Figure 4 — Five Australian businesses built on a spotted gap.

Part 3 — What entrepreneurs bring to a business

Spotting a gap is only the start. The curriculum's own elaboration for this topic (**VC2HE8K04.E03**) names four capabilities that entrepreneurs bring to a business: recognising opportunities, establishing a shared vision, a preparedness to undertake risk, and sound decision-making. Two of those words need defining:

- **Risk** is the chance that the time and money you put in will be lost if the business fails.
- A **shared vision** is a clear goal that everyone in the business — owners, workers, backers — believes in and works towards.

The four capabilities entrepreneurs bring to a business

Capability	What it means	Real Australian example
Recognising opportunities	Noticing a gap or niche in the market that other people have missed	Melanie Perkins saw that people without design training needed a much simpler tool — Canva
Establishing a shared vision	Getting partners, workers and backers to believe in the same clear goal	Janine Allis shared her plan to bring fresh smoothie bars to Australia — Boost Juice
Preparedness to undertake risk	Being willing to put in time and money even though the business might fail	Naomi Simson invested \$25,000 of her own money to start RedBalloon at home
Sound decision-making	Making good choices about how the business is run	Ruslan Kogan chose to sell online without costly shops, keeping prices low — Kogan.com

Table matching the four entrepreneurial capabilities — recognising opportunities, establishing a shared vision, a preparedness to undertake risk, and sound decision-making — to what each means and a real Australian example

Figure 5 — The four capabilities entrepreneurs bring to a business.

An honest note before you think entrepreneurship is a golden ticket: it is not. Many new businesses close in their first few years. Entrepreneurship raises the *chances* of success — it does not promise it. Timing, hard work and luck all matter too. That is exactly what risk means.

Part 4 — The path from a gap to success

Figure 6 puts the pieces of this section together as a path. Notice where the path can break: if nobody is willing to take the risk at step 3, the gap stays unfilled.

From a market gap to business success — an entrepreneurship model



Vertical flow diagram of six steps: spot a gap or niche; test the opportunity; decide and take on risk; build a shared vision; launch, learn, adapt; business success — the business survives, keeps or grows its customers and earns a profit

Figure 6 — From a market gap to business success.

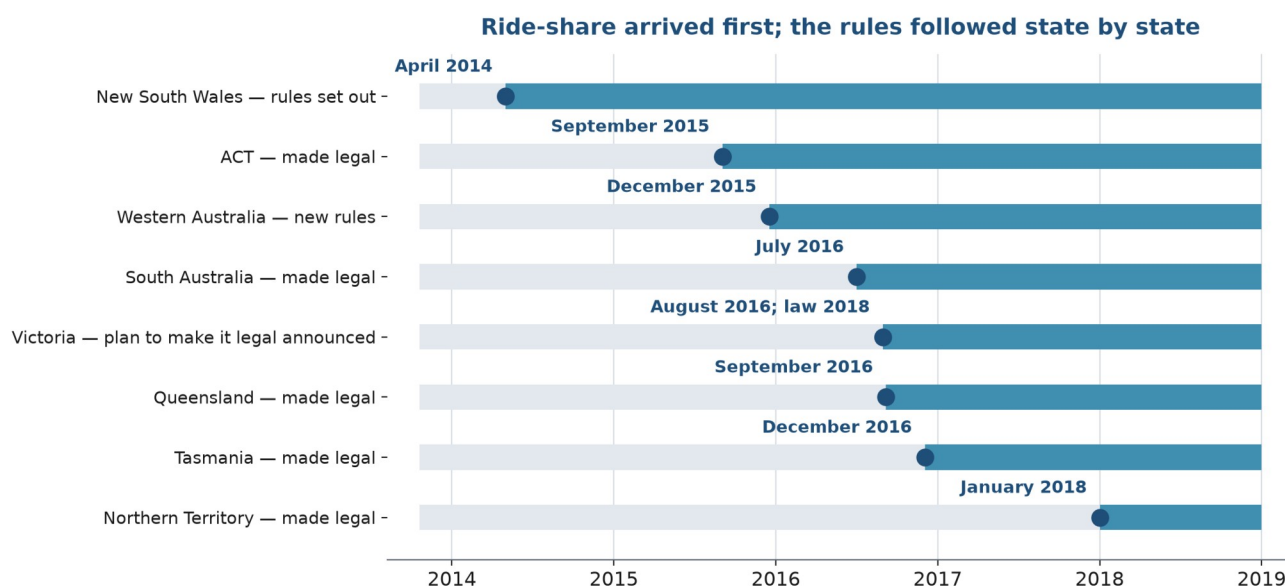
So the **link to business success** is this. A business that fills a gap nobody else has filled gets customers quickly. A business that takes its risks carefully, shares one clear vision and makes sound decisions is less likely to waste its money. Over time, those habits — spotting, risking, deciding, adapting — are the link between entrepreneurship and business success that the achievement standard asks you to analyse.

Part 5 — New technology and innovation

Some entrepreneurs win by using a new technology, or another kind of **innovation** — a new product, a new process, or a new way of selling that did not exist before. When an innovation makes a business more attractive to customers than its rivals, it gives the business a **competitive advantage**.

Three of the five businesses in Figure 4 are innovation stories. Kogan.com sold televisions and gadgets straight to buyers over the internet when most rivals still relied on costly showrooms, keeping prices low. Menulog, started in Sydney in 2006, let customers order takeaway online years before the big phone apps arrived. Canva moved design onto a simple website that anyone could use.

Ride share is another example, and Figure 7 shows something remarkable about it: the technology arrived first, and the rules had to catch up. Each state and territory wrote new rules for ride share at a different time between 2014 and 2018. In Victoria, the government announced its plan to make ride share legal on 25 August 2016, taxi licences were ended from 2018, and the old system of taxi plates was swept away.



Source: Wikipedia, Legality of transportation network companies by jurisdiction, retrieved 26 August 2026. Taxi licences in Victoria were then ended from 2018.

Timeline chart showing when each Australian state and territory first regulated ride share, from New South Wales in April 2014 to the Northern Territory in January 2018, with Victoria's plan announced in August 2016 and its law in force from 2018

Figure 7 — Ride-share arrived first; the rules followed state by state.

Innovation can also serve the environment. A food-delivery rider carrying six orders makes one trip instead of six separate car trips, and a well-designed reusable product can replace hundreds of single-use ones. Some entrepreneurs build their whole business on that idea — success for the business and for the planet at the same time.

Worked examples

Example 1 — scaffolded: Canva, a gap turned into a global business

The task: use the path in Figure 6 to explain how Canva linked entrepreneurship to business success.

Step of the path	Canva's story	Why it matters
1 Spot a gap or niche	Design programs were powerful but hard to learn. People without design training had no simple tool.	Melanie Perkins recognised an opportunity that the big software sellers had missed.
2 Test the opportunity	Plenty of people needed simple design tools — students, teachers, small businesses.	A gap only becomes a market opportunity if enough people will pay to fill it.
3 Decide and take on risk	Perkins, with Cliff Obrecht and Cameron Adams, founded Canva in Perth in 2013 and worked on it full time.	Every start-up risks time and money. Preparedness to undertake risk is the price of entry.
4 Build a shared vision	The team shared one goal: design that anyone could use.	A shared vision keeps everyone pulling the same way.
5 Launch, learn, adapt	Canva went online in 2013, listened to users and kept adding tools.	Adapting is sound decision-making in action.
6 Business success	More than 750,000 users in the first	Survival, growing customers and

Step of the path	Canva's story	Why it matters
	year; by January 2018 the company was worth A\$1 billion; Canva has since announced 260 million monthly active users.	profit — our definition of success from the box above.

Example 2 — scaffolded: reading the ABS numbers like an entrepreneur

The task: use Figure 1 and Figure 2 to practise the number work an entrepreneur (or an investor) would do.

Working	Comment
(a) Non-employing businesses = $2,814,778 - 996,203 = 1,818,575$.	Subtract the employing count from the total.
(b) $1,818,575 \div 2,814,778 = 0.646\dots$, so about 64.6% of Australian businesses are non-employing.	One decimal place. Most Australian businesses are owner-run.
(c) Growth in new registrations: $460,461 - 406,365 = 54,096$.	Compare the last year with the first year in Figure 2.
(d) $54,096 \div 406,365 = 0.133\dots$, so about 13.3% growth over four years.	More new businesses every year: entrepreneurship is growing, not shrinking.

Practice tasks

Scaffolded

Q1. Match each term to its definition. Terms: *entrepreneur*, *niche*, *risk*, *shared vision*, *innovation*, *competitive advantage*. Definitions: (a) the chance that the time and money put into a business will be lost; (b) a small, clearly defined group of buyers with the same unmet need; (c) a person who spots a chance to start a business and is prepared to risk time and money on it; (d) something that makes a business more attractive to customers than its rivals; (e) a new product, process or way of selling that did not exist before; (f) a clear goal that everyone in a business believes in and works towards.

Q2. Use Figure 2. (a) Which year had the most new business registrations? (b) How many more new businesses were registered in 2025-26 than in 2023-24? (c) In one sentence, what does this chart suggest about entrepreneurship in Australia?

Q3. Use Figure 4. Choose **two** of the five businesses. For each: (a) name the gap or opportunity that was spotted; (b) name **one** capability from Figure 5 that the founder showed, and give the evidence from the table.

Q4. Use Figure 3. Copy the sentence starter and finish it for a market you know: "In the market for ____, most sellers aim at everyone, but a niche would be ____, because ____."

Q5. Read the model text in Figure 8. (a) List the six key terms it uses. (b) For three of them, state which capability from Figure 5 the term shows.

Model text read it, then check which key terms it uses

Question: How did Boost Juice identify a gap in the market and turn it into business success?

In 2000, Janine Allis **identified a market opportunity**. On holiday in the United States in 1999, she noticed that juice bars were popular there, while Australia had almost no smoothie bars. This was a **gap in the established market**. She was prepared to **undertake risk** — she gave her own time and money to open the first Boost Juice store in Adelaide in March 2000, while caring for a new baby. She **established a shared vision** with her team: fresh, healthy drinks made in front of the customer. The fresh product and the bright, friendly stores gave Boost Juice a **competitive advantage** over other drink sellers. By 2020 the business had grown to 550 stores. Boost Juice shows how spotting a gap, taking a risk and making sound decisions can link entrepreneurship to business success.

Key terms used: market opportunity, gap, undertake risk, shared vision, competitive advantage, entrepreneurship.

Model text card with the question ‘How did Boost Juice identify a gap in the market and turn it into business success?’ and a short model answer using the terms market opportunity, gap, undertake risk, shared vision, competitive advantage and entrepreneurship

Figure 8 — Model text: read it, then check which key terms it uses.

Q6. Your class is running a market stall to raise money for a charity. For **each** of the four capabilities in Figure 5, write one thing your stall team could do to show it.

Unscaffolded

Q7. Choose **one** business from Figure 4 and write a short paragraph (4–5 sentences) explaining how entrepreneurship led to its success. Use at least three key terms from this section, and judge the business against the definition of success in the defining-the-term box.

Q8. You have \$200 and one free Saturday a month. Propose a small business idea for your own suburb. State: the gap it fills, the buyers it aims at, the main risk, and one decision you would make to reduce that risk.

Q9. Use Figure 7. (a) Which state or territory regulated ride share first, and which was last? (b) What does the chart suggest about the speed of new technology compared with the speed of new rules? (c) Give one reason customers welcomed ride share and one reason taxi drivers were worried about it. (How those changes affect *work* itself is the story of Section 2B.)

Q10. Menulog began in 2006, when most takeaway was ordered by phone. List two things an online ordering service made easier for (a) the customer and (b) the restaurant, and name one risk the three founders took.

Source-based inquiry task

Q11. Read Source 1 (Figure 9) — a news brief compiled from official statistics — and answer:

- (a) What percentage of the 2,814,778 businesses were employing businesses? Show your working and give your answer to one decimal place.
- (b) The brief says 460,461 new businesses were registered in 2025-26, an entry rate of 16.9 per cent. Explain in your own words what that means for someone thinking of starting a business.
- (c) Using all three paragraphs of the brief, explain the link between entrepreneurship and business success in Australia today.
- (d) Before you called Canva a success, what **one more** piece of information would you want, and where would you check it? (Hint: Section 3D is about checking sources.)

SOURCE 1 Business in brief — August 2026

Compiled by the publisher from official statistics and company reports.

Businesses counted.

At 30 June 2026 there were 2,814,778 actively trading businesses in Australia. Of these, 996,203 were employing businesses — businesses with at least one employee.

New businesses keep arriving.

In 2025-26, 460,461 new businesses were registered in Australia, up from 406,365 in 2022-23. The entry rate was 16.9 per cent.

A fast-growing success.

Canva was founded in Perth in 2013. In its first year it had more than 750,000 users, and it has since announced that it reached 260 million monthly active users.

Sources: ABS, Counts of Australian Businesses (cat. 8165.0), released 18 August 2026; Canva company reporting.

Source card titled 'Business in brief — August 2026' compiled from official statistics: 2,814,778 actively trading businesses at 30 June 2026 of which 996,203 employ staff; 460,461 new businesses registered in 2025-26; Canva founded in Perth in 2013 with 750,000 first-year users and 260 million monthly active users announced since

Figure 9 — Source 1 for the inquiry task.

Answers

Q1. (a) risk; (b) niche; (c) entrepreneur; (d) competitive advantage; (e) innovation; (f) shared vision.

Q2. (a) 2025-26. (b) $460,461 - 436,018 = 24,443$ more. (c) Any sentence to the effect that more Australians are starting businesses each year, so entrepreneurship is growing.

Q3. Example pair: Canva — gap: no simple design tool for people without training; capability: recognising opportunities (Perkins saw what others missed). RedBalloon — gap: no easy way to buy experience gifts; capability: preparedness to undertake risk (Simson invested \$25,000 of her own money). Other pairings accepted where the evidence matches.

Q4. Answers vary. Check: the niche named is a small, clearly defined group whose need the big sellers do not meet.

Q5. (a) market opportunity, gap, undertake risk, shared vision, competitive advantage, entrepreneurship. (b) For example: undertake risk → preparedness to undertake risk; shared vision → establishing a shared vision; market opportunity / gap → recognising opportunities.

Q6. Examples: spot the snack or game nobody else sells (recognising opportunities); agree as a team where the money goes and what the stall stands for (shared vision); spend the team's own time or money on stock (risk); price the goods and count the change carefully (sound decision-making).

Q7. Check: paragraph names the business, the gap, at least three key terms used correctly, and a judgement against survival / customers / profit (or a stated non-money frame).

Q8. Check: names a gap, a buyer group, a risk and a sensible decision that lowers the risk; the idea must be possible on \$200 and one Saturday a month.

Q9. (a) First: New South Wales (April 2014). Last: Northern Territory (January 2018). (b) The technology spread across the country in a few years while rules took four or more years and differed state by state — innovation moved faster than law. (c) Customers: cheaper or more convenient rides, easier to book. Taxi drivers: loss of income and of the value of their licences. Both views are reasonable; the point is to state each view in its strongest form.

Q10. (a) Customer: browse many menus at once; order without waiting on hold. (b) Restaurant: orders arrive in writing with fewer mistakes; reach customers beyond phone range. Risk: they spent time and money on a new idea — online food ordering — that might not have caught on.

Q11. (a) $996,203 \div 2,814,778 = 0.3539\dots$, so about **35.4%**. (b) About one in six businesses that year was brand new — starting a business is common in Australia, so a new starter is normal, not strange. (c) Any explanation joining the three facts: many people start businesses (entrepreneurship), most stay small and owner-run, and the ones that spot real gaps — like Canva — can grow very large (success). (d) Any one checkable fact and a named place to check it, e.g. profit figures from the company's own reports, or user numbers from an independent news source.

Sources for this section

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