

AUSTRALIAN ECONOMY

PART B: TWO SPEED AUSTRALIAN ECONOMY – UNEVEN IMPACTS ON WELLBEING

Western Australia is responsible for 70% of national job growth during the last year with the state inundated with 1000 people a week seeking work in the mining industry. This increase combined with the inflow of overseas capital to fund mining expansion has improved the economic wellbeing of people involved in the industry. On the other hand higher wages in the mining industry has attracted an outflow of lower paid workers from the manufacturing and agricultural sector.

Two speed economy

Since 1995, income inequality increased 47% in Australia with the largest increase of 76% in Western Australia. Over this period the average income of the richest 20% of people living in Western Australia more than doubled. This was attributed to the growth of mining and its resource based industries resulting in the evolution of a 'two-speed' economy.

Australia has become further polarised with an investment boom above the 'Brisbane Line' as 57% of investment is committed to projects north of the Brisbane Line while 80% of the population work south of the Brisbane line.

Queensland's anticipated 39 mining projects costing \$55 billion aims to employ 40,000 people which will flow on to improvements in wellbeing. On the other hand while some mining jobs are well paid, approximately 99% of Queenslanders who are not employed in the mining industry are adversely affected by higher costs.

Australia's stable government and geographical proximity to Asian economies means the country is well placed to cater to China's and India's growing demand for our mineral resources. Over the three years the mining sector is anticipated to grow at 5% per year and mining related sectors at over 20%. By contrast the non-mining sector which comprises 75% of the economy is expected to grow at a slower rate of 1% a year.

The rate of productivity of mining or the rate a company produces goods or services, in relation to the amount of materials and number of employees needed, is higher than other sectors.

Costs and benefits

People employed in the construction, transport and power sectors related to mining have increased

their incomes. Other Australians will share the wealth via a Minerals Resource Rent Tax (MRRT) on profits generated from the exploitation of non-renewable resources. Billions of dollars from the tax aim to be spent on pensions and infrastructure. Additionally Western Australia aims to plough some of its mining wealth into a future fund worth \$4.7 billion to preserve the benefits of the resources boom for future generations

One of the challenges facing the mining industry is the unsustainable use of non renewable resources. As minerals cannot be replaced in the short term, Australia requires to act cautiously by not placing all money into mining as it could impact adversely on future wellbeing

Coal mining in NSW

Over the past 10 years the Hunter Valley farming region has been transformed into a coal mining area. Twenty four open-cut coal mines dig up 120 million metric tons of coal a year. Coal and coal seam gas has been a financial boon to the country and nearby rural communities like Muswellbrook but impacted adversely on the wine industry. The expanding sprawl of coal mines has edged out farmers and the inflow of workers caused house prices to soar.

From an environmental perspective there are concerns over use of water by the mining industry and its pollution of aquifers and streams. From a financial perspective many new coal seam gas projects are foreign owned providing limited direct benefits to the Australian economy which challenges the sustainability of Australia's economy

Geofacts:

Australia's mineral exports comprise of more than 50% of exports.

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Cartoon: The Two-Speed Economy



Activities

Refer to the cartoons and answer the following questions:

- What is meant by a two speed economy?
- Explain how the cartoons illustrates the differences within the Australian economy
- Provide examples of places in Australia illustrating the two cartoons

Source: <http://nicholsoncartoons.com.au/two-speed-economy-mining-jobs-business.html>

Map: Brisbane Investment Line



Source: <http://www.heraldsun.com.au/business/investment-divide-widens-above-brisbane-line/story-fn7j19iv-1226258848909>

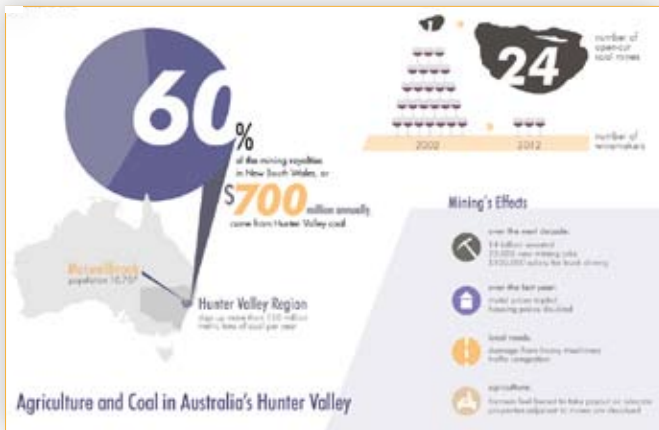
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Activities

Refer to the map and answer the following questions:

- Compare northwest with southeast of the Brisbane Line using statistics
- Discuss the impact of the Brisbane Line on the wellbeing of people living in Tasmania

Diagram: Agriculture and Coal in Australia's Hunter Valley



Source: <http://www.circleofblue.org/waternews/2012/world/burdens-of-extraction-growing-the-coal-mining-industry-in-australias-hunter-valley/>

Activities

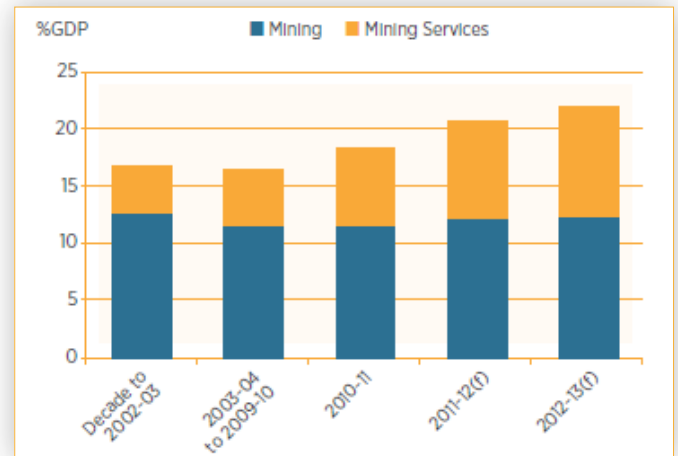
Refer to the diagram and answer the following question:

- Explain the impact of coal mining in the Hunter Valley on the wellbeing of people living in NSW
- Debate for and against mining in the Hunter Valley

For	Against

- Explain the relationship between the number of winemakers and the number of coal mines in the Hunter Valley

Composite column graph: Mining and mining services



Source: <http://www.theaustralian.com.au/business/economics/economy-surges-amid-jobs-growth/story-e6frg926-1226352518641>, page 15

Activities

Refer to the graph and answer the following questions:

- Calculate the change in mining as a percentage of GDP from 2002 to 2013
- List services linked to the mining industry
- Explain the importance of mining and mining services to the Australian economy and people's wellbeing

Composite column graph: Mining and productivity



Source: Deloitte Access Economics

Source: http://www.minerals.org.au/file_upload/files/publications/mca_maximising_growth_in_a_mining_boom_FINAL.pdf, page 22

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Activities

Refer to the graph and answer the following questions:

- What is meant by productivity?
- Explain why mining productivity is important to the Australian economy

Research the following inquiry questions:

- Where is Muswellbrook?
- What is the impact of coal mining on Muswellbrook?
- How could mining improve the wellbeing of the community?

Complete the following table:

Who are the winners and losers in the mining boom?

Winners	Losers

ICT

Complete the following ICT task.

Read the article and discuss how agriculture clashes with coal seam gas industry on the Liverpool Plains (<http://www.circleofblue.org/waternews/2012/world/australias-agriculture-and-energy-sectors-clash-over-water/>).

GTA NSW Awards Presentation Evening

On the 10th May 2013, the NSW GTA celebrated the success of both students and teachers in the annual Arthur Philip Fieldwork and Geography HSC Awards night. For the second year in a row the ceremony took place at the Sydney College of the Arts in Rozelle. We were delighted to host 75 guests that included teachers, students, Heads of Departments, family and friends and GTA Council members.

There were two parts to the ceremony:

The Arthur Philip Fieldwork Awards

This involved students from all over NSW entering their field work for assessing by the NSW GTA Council. This year the assessors were Grace Larobina, David Lattimer, Nick Hutchinson, John Lewis, and Robert Gandiaga. There were various categories for the students to enter. This year we had 51 entries and the schools that were represented were Merewether High School, Moss Vale High School, Normanhurst Boys High School, SCEGGS Darlinghurst, St Mary Star of the Sea College and Tara Anglican School for Girls.



Arthur Phillip Fieldwork Competition Award recipients

Distinguished HSC Geography Students 2012

Students and their teachers were congratulated and recognised for their outstanding performance in the 2012 Geography HSC. The students had distinguished themselves as the top ten candidates in NSW.

Thank you to the following Council members for their support and officiating on the evening, our President Nick Hutchinson and Vice President Grant Kleeman, John Lewis, Lisa Kendall, and Keith Hopkins.

We look forward to hosting this event in 2014.

Grace Larobina, HSIE Teacher,
The Hills Grammar School, Kenthurst

Editors note: The complete list of Award recipients appears in Vol 45, No 1 2013 of the GTA Bulletin.



Dr Grant Kleeman, Vice President GTA NSW (far left) with HSC Award recipients

DEVELOPING HUMANS IN INDIA

Concepts: Place, Space, Change, Scale, Environment

Dr Susan Bliss



India has evolved into an economically emerging country ranking 134 out of 187 countries on the human development index (HDI). With a HDI value of 0.57, the country is positioned in the 'medium human development' category. Despite improvements in wellbeing over the past 20 years the country is experiencing socio-economic obstacles such as gender inequality measured by GII as well as the largest number of multidimensional poor people measured by MPI. In general states with a low HDI tend to have greater gender inequality and more multidimensional poor people, compared to states with a high HDI.

Haves and have nots

Inequality in the distribution of human development is more pronounced in India than any other country. When the HDI is adjusted for inequality, using the IHDI, the country lost 32% compared to the average global loss of 22%. Largest inequality was in education followed by health.

The HDI noted inequality exists between income, gender, urban-rural areas and states:

- **Income:** Over the last 20 years inequality increased with the top 10% of wage earners making 12 times more than the bottom 10%. Inequality, measured by the Gini coefficient increased from 0.32 to 0.38, with 0 being the ideal score. As a result over 48 billionaires live beside 500 million people surviving on less than \$1.25 a day. The majority of poor are women and children living in rural areas and urban slums.
- **Gender:** Over the last 10 years while gender inequality improved for most countries it declined significantly in India. Afghanistan was the only country to rank below India in the South Asian region on the Gender Inequality Index (GII). Indian women experience forced child marriages, dowry burning, unpaid work, illiteracy and extreme poverty. About 8 million female foetuses have been aborted over the past decade as selective abortion occurs when people value a son more than a daughter. Despite laws promoting equality, women belonging to the lowest Dalit caste continue to face discrimination and are at greater risk of gender-based violence.
- **States:** Inequality exists within Indian states with Kerala ranked 1st with very high human development similar to the Netherlands compared to Orissa ranked 35th with low human development similar to Haiti.

*Above: High rise under construction in Gurgaon, Haryana, India.
Source: Wikimedia Commons*