Sample assessment task

Year level	10
Learning area	Humanities and Social Sciences
Subject	Economics and Business
Title of task	Debate: income redistribution in Australia

Task details

Description of task	Students conduct a debate on whether to increase the extent of income redistribution in Australia, then write an individual reflection
Type of assessment	Formative
Purpose of assessment	To inform progression in the learning cycle and plan further teaching if required
Assessment strategy	Performance or oral presentation
Evidence to be collected	• Student participation in the debate (teacher observation) • Written reflection
Suggested time	• Preparation – two hours • Debate and written reflection – one and a half hours

Content description

Content from the Western Australian Curriculum	**Knowledge and understanding** The links between economic performance and living standards, the variations that exist within and between economies and the possible causes (e.g. foreign investment, employment rates and levels of debt) **Humanities and Social Sciences skills** Draw evidence-based conclusions by evaluating information and/or data, taking into account ambiguities and multiple perspectives; to negotiate and resolve contentious issues; to propose individual and collective action in response to contemporary events, challenges, developments, issues, problems and/or phenomena
Key concepts	Economic performance and living standards

Task preparation

Prior learning	Students have prior knowledge of the distribution of income and wealth in Australia: overview of trends and reasons for them, how income equality is measured (including the Gini coefficient).
Assessment differentiation	Teachers should differentiate their teaching and assessment to meet the specific learning needs of their students, based on their level of readiness to learn and their need to be challenged. Where appropriate, teachers may either scaffold or extend the scope of the assessment tasks.

Assessment task

Assessment conditions	Group research and debate followed by individual written reflection
Resources	Research materials

Instructions for teacher

Debate: income redistribution in Australia

The topic for the debate is: *Should the Australian Government increase the amount of income redistribution?*

Divide the class into affirmative and negative teams for the research and debate phase, and support each team to develop coherent arguments supported by evidence.

For the debate, each team needs to nominate three speakers who will be able to quietly consult their research team.

Following the debate, each student will write an individual response to the debate topic.

Instructions to students

Debate: income redistribution in Australia

We will be conducting a debate on the topic *Should the Australian Government increase the amount of income redistribution?*

The class will be divided into affirmative and negative teams. Within your team, you need to:

- conduct research on this topic
- develop your arguments
- ensure your arguments are supported by evidence
- select three speakers who will represent your team during the debate
- ensure that all team members are actively involved in providing information, suggestions and advice to the speakers during the debate.

Following the debate, you will have 30 minutes to write a detailed personal response to the debate topic. Note that your written response doesn't have to agree with your team's position in the debate – you should explain your own opinion and ensure you support it with suitable evidence.

Affirmative (the government should increase in amount of income redistribution):

Inequality between those with the most and those with the least is rising in Australia. Australia is one of the wealthiest countries in the world, but there are many people in our society who are falling behind. For instance, the minimum wage and unemployment benefits have failed to keep pace with the rise in average earnings, resulting in a divergence between low-income earners and the average employed Australian. A divergence has also occurred between the average Australian and those at the top. Senior executive pay is now 150 times greater than average weekly earnings.

While income distribution is unequal, the distribution of wealth is even more so. The top 20 per cent of people have five times more income than the bottom 20 per cent, and hold 71 times more wealth. Perhaps the gap between those with the most and those with the least is most starkly highlighted by the fact that the richest seven individuals in Australia hold more wealth than 1.73 million households in the bottom 20 per cent.

This paper (see link below) provides clear evidence that the tax-and-transfer system has the capacity to redistribute income effectively to reduce inequality. The figure below illustrates how existing policies boost the incomes of those with the least, while only slightly reducing the incomes of the wealthy. This redistribution has always been the objective of Australia's progressive tax system.

Figure 1: Income distribution before and after the tax and transfer system
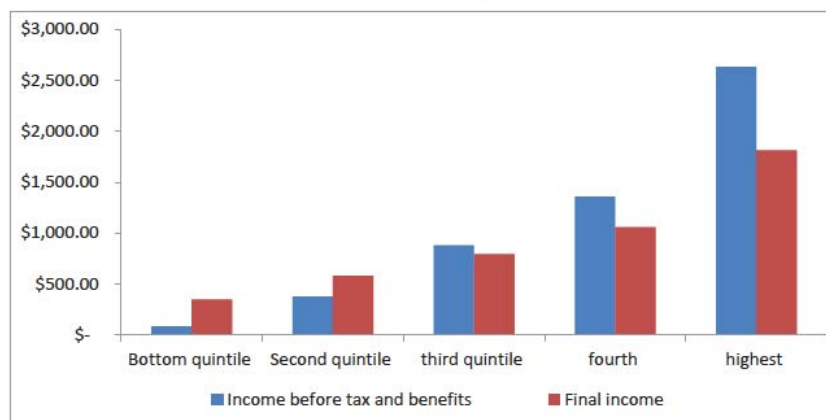
Source: ABS (2013) *Household income and income distribution, Australia, 2011-12.*

Despite consistent public support for reducing inequality, the government is currently seeking to reduce income support. In fact, in recent months the Abbott government has begun to argue that inequality is not just unavoidable, but also beneficial. Rather than use the welfare system to redistribute income, the government is seeking to ensure that welfare payments grow at a significantly slower rate than wages. The result will inevitably be an even bigger gap between those with the most and those with the least.

The nature and extent of inequality is the choice of policy makers. We have the capacity to either reduce inequality or to exacerbate it. Successive governments have done little to reduce inequality and have unwound both welfare provisions and the progressive nature of our tax system. Tackling inequality is a political choice, not an economic problem.

[From: Richardson, D. & Denniss, R. (2014). *Income and wealth inequality in Australia.* Policy brief no. 64. Canberra: Australia Institute, p. 2. Retrieved November, 2015, from www.tai.org.au/content/income-and-wealth-inequality-australia]

Negative (the government should not increase in amount of income redistribution)

According to the ABS, the wealthiest 20% of Australian households, with an average net worth of A$2.2 million per household in 2011–12, accounted for 61% of total household net worth. The poorest 20% of households accounted for 1% of total household net worth, and had an average net worth of $31,000 per household. This means that the wealthiest 20% of Australian households had net worth that was 71 times as high as the least wealthy 20%. In contrast, the 20% of Australian households with the highest disposable income were about five times better off than the poorest 20%.

So, it seems pretty clear that wealth is much more unequally distributed in Australia than income. Or is it? This depends on how you look at it.

The most recent Credit Suisse Global Wealth Report, prepared by Anthony Shorrocks, one of the most highly respected world experts on wealth distribution, estimates that the distribution of wealth in Australia is the second least unequal (after Japan) of 27 major countries and the 12th least unequal of 174 countries.

It is also notable that the Credit Suisse report finds that Australia has the second highest average level of wealth in the world and the highest median wealth.

The ABS survey – used by Credit Suisse – also presents two ways of looking at the distribution of wealth: first, by ranking households simply by the amount of wealth they have; second, by ranking households by how much income they have. When the ABS ranks households by their incomes, the 20% with the lowest incomes have an average net worth of around $437,000, while the 20% with the highest incomes have about $1.3 million in net worth. This means that the poorest one-fifth of households, measured by income, hold 12% of net wealth, while the richest one-fifth hold 36%, a ratio of about 3 to 1.

These figures suggest that wealth is actually more equally distributed than income when the joint distribution of income and wealth is used which is a more comprehensive measure of total household resources.

These two approaches yield remarkably different pictures of wealth distribution. This reflects the fact that people accumulate wealth over the course of their life. Young people starting off in their first job generally don't have much in the way of wealth, but as they grow older they will purchase homes which have been the great wealth 'equaliser' in Australia and accumulate superannuation and other savings. As a result, older people have much higher average wealth than younger people, but older people generally have lower incomes than younger people.

So, why did we think that income was equally shared in Australia if it wasn't? The answer is that most of the earlier studies were based on a limited income measure: usually wages before tax and usually full-time wages for men. In the past, Australia's wage-fixing system compressed the wage distribution. As late as 1999, Australia had the highest minimum wage relative to the median in the OECD.

If you are a full-time employed male wage earner in Australia, then you have a lower level of income inequality than in Denmark, otherwise one of the lowest inequality countries. *The most important source of inequality in Australia is whether you have a job or not.*

So the pillars of egalitarianism in Australia were high wages, high home ownership and low unemployment. If we want to regain this position, we need to ensure that unemployment remains low and that low-income earners are able to buy into affordable housing.

Sample marking key

Team performance debate

Description	Marks
Arguments presented	
Comprehensively describes the relevant arguments and links to the overall topic	4
Comprehensively describes the relevant arguments	3
Briefly describes the relevant arguments	2
Provides a limited description of the relevant arguments	1
Subtotal	**4**
Supporting evidence	
Provides detailed, relevant supporting evidence	3
Provides some relevant supporting evidence	2
Provides limited supporting evidence	1
Subtotal	**3**
Teamwork	
All team members respectfully participate in the debate process	3
Most team members respectfully participate in the debate process	2
Some team members respectfully participate in the debate process	1
Subtotal	**3**
Team performance debate total	**10**

Written response

Description	Marks
Arguments presented	
Comprehensively describes the relevant arguments	5–6
Briefly describes the relevant arguments	3–4
Provides a limited description of the relevant arguments	1–2
Subtotal	**6**
Supporting evidence	
Provides detailed, relevant supporting evidence	5–6
Provides some relevant supporting evidence	3–4
Provides limited supporting evidence	1–2
Subtotal	**6**
Witten communication	
Presents a response which is cohesive and well-structured	3
Presents a response which is mostly cohesive and consistently structured	2
Presents a response which has limited cohesion and structure	1
Subtotal	**3**
Written response total	**15**
Total	**25**