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The financial performance of any organisation is critical to its success and ultimately will determine whether it will continue to operate in the long term. It is the responsibility of senior management to closely monitor and manage the finance function and ensure that the finances of the business are being managed efficiently and effectively. This report will analyse the financial statements of SEEK Limited in an effort to gain an insight into the management of the finance function of a business.

SEEK Limited – An overview

SEEK was founded in November 1997 by Andrew Bassat, Paul Bassat and Matt Rockman. It quickly grew in size and profitability following the launch of the website in March 1998 and on 18 April, 2005 SEEK was floated on the Australian Securities Exchange. SEEK is one of the largest global online employment marketplaces coupled with additional education businesses. SEEK operates across Australia, New Zealand, South East Asia, China, Brazil, Mexico, Bangladesh and Africa where it has a captive market of some 4 billion people. SEEK’s vision is to be the global leader in online employment matching more people with job opportunities than any other organisation.

SEEK is focused on matching job seekers and their desired employment opportunities as well as helping hirers find candidates for advertised roles. Across the employment marketplace SEEK receive over 375 million visits to their sites every month and have over 3 million job opportunities available at any given time and over 100 million jobseeker profiles.

SEEK has been operating for over 17 years and they continue to innovate within the markets it operates in as well as seeking new business opportunities globally in an effort to grow the business.

The financial statements

The financial statements of a business are a tool by which the performance of an organisation can be assessed. The financial statements for SEEK for the year ended 30 June 2015 are shown in figures 1 and 2.

**Figure 1- SEEK Ltd consolidated Balance Sheet as at 30 June 2015**

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Notes</th>
<th>2015 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1</td>
<td>449.6</td>
</tr>
<tr>
<td>Receivables</td>
<td>2</td>
<td>120.2</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>72.4</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td></td>
<td>642.2</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td></td>
<td>28.1</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2</td>
<td>2 409.6</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>221.2</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>2 658.9</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>3 301.1</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td>116.9</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>3</td>
<td>214.9</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td></td>
<td>17.1</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>250.5</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>599.4</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>4</td>
<td>769.3</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td></td>
<td>105.2</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>26.3</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td></td>
<td>900.8</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>1 500.2</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>1 800.9</td>
</tr>
</tbody>
</table>
The balance sheet

The balance sheet presents a company’s financial position at the end of a specified date. It provides a snapshot of the company’s financial position at a point in time. For example, the amounts reported on the SEEK balance sheet dated June 30, 2015 reflect that instant when all the transactions through June 30 have been recorded.

Because the balance sheet informs the reader of a company’s financial position as of one moment in time, it allows someone to see what a company owns as well as what it owes to other parties as of the date indicated in the heading. This is valuable information to the banker who wants to determine whether or not a company qualifies for additional credit or loans. Others who would be interested in the balance sheet include current investors, potential investors, company management, suppliers, some customers, competitors and government agencies.

Current assets are assets that are cash or are convertible to cash within twelve months. Common examples include cash, trade debtors (accounts receivable) and inventories (stock).

Non-current assets are items of value owned by a business that are normally held beyond twelve months. There are normally three distinct types:

- fixed assets, which include physical assets used in the operation of the business such as motor vehicles, equipment and buildings
- investments, which include shares held in other companies
- intangibles, which include non-physical items of value such as goodwill, patents and trademarks.

Liabilities can be subdivided into current liabilities and noncurrent liabilities. Current liabilities are debts or obligations that will be paid within twelve months. Common examples include trade creditors and bank overdraft.

Non-current liabilities are those items repayable beyond 12 months. Common examples include mortgage loans, debentures and leases.

Owner’s equity represents the net worth of the business to its owners. It is effectively the difference between the assets and liabilities of a business. It includes share capital and retained profits.

For SEEK, its major current assets are cash ($449.6m) and accounts receivable ($120.2m). SEEK’s non-current assets comprise property, plant and equipment ($28.1m) and intangibles...
to interpret more accurately the information contained in a firm's reports. Interpretation
involves explaining the meaning of information contained in a firm's accounting reports and is
facilitated by the calculation of ratios to highlight relationships between elements of the reports.
By themselves, the ratios are not particularly meaningful and they need to be compared with an
appropriate yardstick. Comparisons can be made with:
• general financial and economic information
• past figures of the firm
• industry averages
• similar firms in the same industry

1. Financial stability
In order to assess a firm's financial stability it is important to first define two key concepts.
Liquidity refers to the ability to pay debts in the short term. Another term for liquidity is short-term
solvency. Liquidity is crucial to the survival of a business, especially in periods of adversity.
Solvency refers to the ability to pay debts in the longer term. This is generally recognised as the
period extending beyond one year. A business that is declared insolvent is unable to pay its debts
when they fall due.

Liquidity ratio
The key liquidity ratio is the current ratio or working capital ratio.

i. Current ratio
The current ratio is a measure of how easily a business can meet its current liabilities from the
current assets that it expects to be turned into cash in the normal course of the business. It
measures the availability of current assets to cover every dollar of current liabilities. The higher the
ratio, the better it is for the business, but it should be at least 2:1. Too high a ratio, however, may
indicate inefficient management of assets.

SEEK’s current ratio
\[ \text{SEEK’s current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \]
\[ \text{SEEK’s current ratio} = \frac{\$642.2m}{\$599.4m} \]
\[ \text{SEEK’s current ratio} = 1.07 \text{ OR } 1.07:1 \]

SEEK’s current ratio is considered to be below an acceptable level. However, this should be
considered in greater detail and in particular compared to previous year’s performance, against
industry standards and against other similar
Solvency ratio

The key solvency ratio is the gearing ratio.

ii. Gearing ratio

The level of a company’s debt related to its equity capital, usually expressed in percentage form, is known as gearing. Gearing is a measure of a company’s financial leverage and shows the extent to which its operations are funded by lenders (external) versus shareholders (internal). This leverage should be carefully managed and the higher the gearing level the higher is the perceived level of risk. External borrowings must be repaid with interest and as such high debt levels can be dangerous in periods of rising interest rates and must be closely monitored and managed.

The gearing ratio is considered the main measure of a firm’s solvency (the ability of a firm to meet its long-term financial obligations). A ratio of approximately 70 per cent is considered acceptable.

SEEK’s gearing ratio

\[
\frac{\text{total liabilities}}{\text{total equity funds}} = \frac{\$1\,500.2\text{m}}{\$1\,800.9\text{m}} = 0.83:1 \text{ or } 83\%
\]

This level of gearing is considered to be very acceptable and indicates that SEEK has a good balance between borrowed funds and shareholder capital.

3. Profitability

In general, profitability ratios measure the efficiency with which a firm turns business activity into profits. Profit margins assess the ability of a firm to turn revenue into profits.

v. Gross Profit

The gross profit ratio reflects the margin or markup between the business’s purchasing costs and its selling prices. A low gross profit margin suggests high supply costs and/or products priced too low. A high gross profit margin suggests lower supply costs and/or products more highly priced.

SEEK’s gross profit ratio

\[
\text{SEEK’s gross profit ratio} = \frac{\text{gross profit}}{\text{Sales}}
\]

\[
= \frac{\$519.6\text{m}}{\$872.5\text{m}} = 0.60:1 \text{ or } 60\%
\]

SEEK’s gross profit ratio at first glance indicates
a sound relationship between sales and cost of goods sold. However to gain a truly accurate understanding, this figure would need to be compared against similar businesses, against industry standards and against previous time periods.

vi. **Net profit**

The net profit margin reflects the operating costs or expenses of the business. A low net profit margin (especially when the gross profit is relatively high) suggests high costs/expenses whereas a high net profit margin suggests low costs/expenses.

SEEK's net profit ratio

\[
\text{SEEK's net profit ratio} = \frac{\text{net profit}}{\text{sales}} = \frac{515.2\text{m}}{872.5\text{m}} = 0.36:1 \text{ or } 36\%
\]

SEEK's net profit ratio, similarly to the gross profit ratio, at first glance appears to reflect an effective management of expenses. However to gain a truly accurate understanding, this figure would need to be compared against similar businesses, against industry standards and against previous time periods.

vii. **Return on owner's equity**

The return on equity ratio measures the ability of a firm to generate profits from its shareholders investments in the company. In other words, the return on equity ratio shows how much profit each dollar of contributed capital generates.

SEEK's return on owner's equity

\[
\text{SEEK's return on owner's equity} = \frac{\text{net profit}}{\text{owner's equity}} = \frac{515.2\text{m}}{1800.9\text{m}} = 17.5\%
\]

This return should be compared to other investment options but a return of this magnitude indicates that SEEK is effectively using their contributed equity.

**Conclusion**

When undertaking financial analysis, it is imperative to look at a broad range of financial measures and consider these in light of the organisations performance over previous years, against industry standards and against competitors. Only then can a true analysis be completed and the whole picture become clearer.

It is imperative also to consider the industry in which the business is operating and the nature of the business that is being undertaken as this will influence the acceptable financial measures.

A mix of measures is important also. Some firms may be profitable but have inherent liquidity issues while others may have poor accounts receivable practices but their solvency ratio indicates all is well. Over time however, in both these instances, the business may not survive in the long term as another business seeks to takeover this competitor or long term financial difficulties may lead to failure.

Thus, the companies that do succeed and prosper in the long term are those that are able to achieve a balance across the key areas of profitability, efficiency and stability. A concern in one of these areas will be appropriately addressed by management but not at the expense of other important financial measures.

It should also be made clear that the financial performance of a business must be considered in light of the external environment, taking into account such factors as political, legal, environment and technological influences.
**Student activities**

1. Define the following terms: balance sheet, profit and loss statement, asset, current asset, non-current asset, liability, non-current liability, equity.

2. Outline the role of the Balance Sheet.

3. Outline the role of the Profit and Loss Statement.

4. How does the Net Profit affect the Balance Sheet.

5. Why is it important to watch a business’ ‘liquidity’?

6. Discuss why a business would offer debtors a discount.

7. A business has a Return on Owners Equity of 5%. Do you think the owners are achieving a sound return on their investment?

8. Describe ONE ratio that can be used to determine the efficiency of a business.

9. A business has seen their gross profit ratio fall from 72% to 55%. Outline why this might be the case and recommend ONE strategy that they could implement to attempt to stop the fall.

10. A business has seen their net profit ratio rise from 12% to 15%. Outline why this might be the case and comment as to whether this is a positive or negative for the business.

11. Describe the relationship between the gross profit and net profit ratio.

12. As a potential investor, which particular ratios could convince you to purchase shares in SEEK? Are there any ratios that may need investigation?

13. List particular stakeholders who may undertake this type of financial performance analysis.

**References**


https://en.wikipedia.org/wiki/Seek_Limited


http://www.accountingcoach.com/
Trade Unions: A combination of employees.

The major stakeholders in the production process of goods and services are employers who provide the capital and entrepreneurship and employees who provide the range of labour and skills. Both groups have particular goals.

<table>
<thead>
<tr>
<th>Goals of employees</th>
<th>Goals of employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Higher wages</td>
<td>• Increased profits</td>
</tr>
<tr>
<td>• A safe working environment</td>
<td>• Cost minimisation</td>
</tr>
<tr>
<td>• Job security</td>
<td>• Increased flexibility</td>
</tr>
<tr>
<td>• Suitable employment conditions</td>
<td>• Expansion and growth</td>
</tr>
<tr>
<td>• Meaningful work with adequate input</td>
<td>• Business security</td>
</tr>
</tbody>
</table>

Some of these goals may be in conflict e.g. higher wages and safe conditions vs cost minimisation and profit maximisation. In most cases negotiation and compromise is required. The ability of a single employee to negotiate with a large business is not equal. Trade unions are a strategy to bring about a more level playing field and therefore achieve favourable outcomes for employees.

Modern trade unions developed (initially in Britain) following the major upheavals in employment conditions resulting from the Industrial Revolution. These unions differed from the earlier craft guilds that focussed upon regulating entry into a profession. In the 19th century conditions in factories and mines in an unregulated society were dreadful. Having large numbers of workers together on worksites enabled worker organisations to develop. Initially unions were banned under various Combination Acts, but unions were legalised in the U.K. in 1871. Through strategies such as strikes, collective bargaining and public pressure on law makers, workplace conditions improved. In countries such as Australia, N.Z., and the U.K. and to some extend Canada, unions helped establish political parties who in turn helped achieve workplace reform. The percentage of union membership (density) around the world varies and has tended to decline since the 1960s highpoints.

Examples of union density (% of workforce)

<table>
<thead>
<tr>
<th>Country</th>
<th>Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>68</td>
</tr>
<tr>
<td>Norway</td>
<td>50</td>
</tr>
<tr>
<td>U.K.</td>
<td>18</td>
</tr>
<tr>
<td>Australia</td>
<td>16</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>11</td>
</tr>
<tr>
<td>Russia</td>
<td>42</td>
</tr>
<tr>
<td>Peru</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>90</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>34</td>
</tr>
<tr>
<td>India</td>
<td>8</td>
</tr>
<tr>
<td>Thailand</td>
<td>3</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>0</td>
</tr>
</tbody>
</table>

Student activities

1. Why is negotiation and compromise needed in the workplace?
2. Outline the importance of unions in the process.
3. Describe some of the strategies used by unions.
4. Compare the union density of Sweden and Saudi Arabia. Suggest possible reasons for the difference.
Trade Unions in Australia:

Originally lacking a large industrial base, Australian unions were based upon rural workers e.g. the AWU. Unlike British and American labour organisations, Australian unions developed under a centralised wage fixing system and therefore there was less emphasis upon collective and individual bargaining, at least until the last few decades. Increased industrialisation under policies of trade protection helped expand union membership which peaked at over 60% at around 1960. Union influence is usually stronger under Labor governments and throughout the 1980s the union peak body, the ACTU, helped negotiate the Accord agreements.

Changing political, economic, social and demographic factors have contributed to a gradual decline in union density, particularly in the private sector. Still, despite the decline in density 1.7 million workers belong to unions.

Declining Union Density

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1916</td>
<td>48</td>
</tr>
<tr>
<td>1936</td>
<td>45</td>
</tr>
<tr>
<td>1956</td>
<td>61</td>
</tr>
<tr>
<td>1976</td>
<td>57</td>
</tr>
<tr>
<td>1996</td>
<td>31</td>
</tr>
<tr>
<td>2016</td>
<td>15</td>
</tr>
</tbody>
</table>

Research has indicated that over 65% of the population have a relatively favourable view of the work of unions and most people trust them more than they trust business owners. Workers are not actually leaving unions in large numbers but younger workers and new employees are failing to join. Less than 10% of workers aged under 25 belong to a union whilst the highest group are public sector workers aged over 45.

Why has union density declined?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Declining levels of manufacturing</td>
<td>*Large manufacturing plants made it easier to organise the largely male workforce. Smaller dispersed service industries with a larger female workforce are less likely to be unionised.</td>
</tr>
<tr>
<td>*Growth in part-time, casual and contract work</td>
<td>*Part-time, casual and especially quasi contractors are harder to organise and less likely to join unions.</td>
</tr>
<tr>
<td>*Privatisation.</td>
<td>*Government workers are more likely to join unions, with the sale of many previously government owned organisations union membership has declined.</td>
</tr>
<tr>
<td>*Legislative changes</td>
<td>*Close shops have been banned, also it is harder for union officials gain access to workers and as well the centralised wage fixing system has become less significant. Unions therefore are seen as less important.</td>
</tr>
<tr>
<td>*Globalisation</td>
<td>*Many low entry jobs have been transferred overseas, these usually were highly unionised.</td>
</tr>
<tr>
<td>*Increased individualism</td>
<td>*There has been a decline in a collective and community approach to issues; workers with a more individual outlook are less likely to join unions.</td>
</tr>
<tr>
<td>*A poorer image fostered by vested interests</td>
<td>*Vested interests with an agenda to weaken the moderating influence of unions have fostered a negative image of unions through such strategies as focused investigations and unrepresentative media stories.</td>
</tr>
<tr>
<td>*Decline in agreements</td>
<td>*There has been a large decline in the number of workplace agreements being negotiated. This is one of the main reasons why workers sort the help of unions.</td>
</tr>
</tbody>
</table>

---

10% 20% 30% 40% 50% 60% 70%
Student activities

6. Distinguish between centralised wage fixing and collective bargaining.
7. Describe the trend in union membership density in Australia.
8. Why do you think that older workers are more likely to belong to a union?
9. Provide a summary of the reasons for the decline in union membership in Australia.

Dwindling union membership; has their work been done?

Some suggest that in helping to remove the excesses of worker exploitation unions have contributed to their own membership decline. Certainly there are no longer children down coal mines and such things as paid holidays, relatively safe workplaces, and freedom from unfair dismissal exist. However recent decades have seen considerable erosion in job security, comparative wage justice, working hours, and unfortunately exploitation is still common. Overall the return going to labour rather than capital has decreased from 71% of total output in 1975 to just over 50%. Particular areas requiring union attention include:

Growing income (and wealth) inequality:

In countries such as Australia the income and wealth gap has greatly increased. The top 10% now earn 40% of all income. In the USA for example the top 1% earn 10% of all income in 1970, now they earn over 24%. As Piketty suggests excess incomes lead to excessive wealth. The top .1% owned 9% of all wealth in 1985, now they account for 35% of all wealth.

In Australia real wage increases are the lowest on record and purchasing power for many has actually decreased. Middle and lower wage earners are facing increased difficulty in purchasing housing, health and higher education. Australia has 2.5 million people living in poverty. At the same time taxation rates for high income earners have declined. Intergenerational mobility in Australia is not improving and is one of the worst for OECD countries.

Precarious Work:

Increasingly jobs are becoming less secure with more casual, part time and contract work accounting for 40% of employment. Almost all new jobs for March were not full time permanent work. Casual, part time and contract work gives employers more flexibility and helps them shift much of the risk and responsibility to workers; however it makes it difficult for workers and their families to live stable lives. Over 45% of workers have been in their jobs for less than five years. Over 82% of workers in these insecure arrangements would prefer more hours or more secure contracts.

The Gender Pay Gap:

The difference in average earnings between male and female employees is 17% and this is a 20 year high. Only 4% of CEOs are women. Jobs that traditionally employ women e.g. child care and nursing are relatively lowly paid compared to jobs that employ more men, even although skills and qualifications may be comparable. Women also take much less superannuation into retirement.

Hours of work and work/life balance:

Despite increases in technology, hours of work have not improved. There is a dual employment situation; many workers have less paid hours than they want whilst many in full time work are increasingly under higher work pressure. In a strategy to improve profits many businesses downsize staff numbers but maintain the same expected total output. It is quite common for many Australian workers to “donate” over five hours of unpaid overtime.

Worker Exploitation:

Recent publicised case studies such as 7-Eleven and businesses contracting for Australia Post have shown extreme cases of worker exploitation, many other cases certainly exist. At many 7-Eleven franchises workers were paid $12 per hour instead of the required rates of about twice this. Many businesses in hospitality have been found to be withholding penalty rate payments and the unpaid intern system is being greatly exploited. Many employers have been found to be exploiting the 1.3 million workers here on working visas.
**Student activities**

10. Suggest why intergenerational mobility is particularly poor in Australia and even worse in the U.S.A.

11. Why is growing income and wealth inequality a serious problem in society?

12. Outline the ways in which a younger person entering the workforce may be worse off than when their parents when they began work.

13. Has the work of unions been done? Justify your view.

**Part of the solution:**

*Helping to achieve equity and a more civil society*

For most of the twentieth century trade union high membership, allied with productive industrial and political strategies helped members (and non-members) achieve great gains and moderate levels of inequality. Indeed, Elaine Bernard from Harvard suggests that the decline in union power is one of the main factors causing growing inequality.

David Peetz suggests “the upward distribution of income and power that accompanied market or neoliberal policies with its deregulation has brought only limited or no benefits to most and could result in a much divided, unequal and uncivil society.” Unions, despite declining memberships are still the largest civil organisations in the country. Canadian political researcher, A. Levesque believes that with their internal solidarity, linkages, and infrastructure, unions will be a key player in countering this and so bring about a fairer economy and society.

To be more effective and relevant, unions need to continue to develop strategies such as:

1. **Amalgamation and consolidation:** In the last few decades many small unions have combined to form larger unions, such as the C.F.M.E.U. and the A.S.U. Larger unions are more able to direct larger resources to more effective campaigns.

2. **Improved governance and education:** Research indicates that many members and potential members see unions and union officials as “them”. A break down in this “us and them” attitude would increase interaction and membership. This can be fostered by improving the level of education and training of union officials, particularly in the workplace and also increase accountability. Such strategies would also nullify much of the negative publicity fostered by vested interests, which are keen to reduce the modifying impact of unions in the industrial relations process.

3. **Reaching out to potential members:** Many younger, part-time, casual and contract workers and women have failed to join unions even though membership would give them greater security and benefits. As Paul Novak from the T.U.C. in the U.K. said, “most non members do not see unions as irrelevant, but they don’t know what we do.” Publicising the benefits of union membership, providing low cost membership to young, casual, part-time and contract workers and reaching out to sympathetic but yet non-members via electronic means would increase membership and union effectiveness.

4. **Broadening the range of union activity:** Basic bread and butter activities such as working on wages and conditions will always be vital. However, unions can increase their profile and relevance by continuing to deal with broad community issues such as the environment, health, education and immigration. The “Your Rights at Work” campaign in 2007 and the current campaigns focusing on health and education are strategies that highlight to the community the relevance of unions to a civil society. Union participation in the activities of the International Labour Organisation (I.L.O.) extends this role to the world.
The Bondi Pavilion Green Bans
Brian Parker from the C.F.M.E.U. has announced that his union is banning work on the redevelopment of the historic art-deco Bondi Pavilion. The work is part of a $38m. refurbishment that the local council is planning to carry out.

Most residents agree that improvements are needed but fear that these particular council plans will destroy the historic character and reduce access of local residents to the facilities. They believe that it is a privatisation of public space.

Union “green bans” are where union members refuse to work on particular projects and are not new. In the 1970s unionist Jack Mundey and the Builders Labourers Federation (BLF) placed such bans on the redevelopment of the historic Rocks, Kelly’s Bush and Hunters Hill. These bans were paramount in reducing the excesses of development, preserved the landscape and maintained citizen access to these natural and built environments.

Student activities
14. Why might Elaine Bernard suggest that the decline in union power has contributed to growing inequality?
15. Do you support the actions of some unions in imposing “green bands”?
16. Prepare a summary(key points) for a speech that the president of the A.C.T.U. may deliver that outlines strategies to improve union influence in the workplace.

Future relevance:
Former Treasurer, Joe Hockey, stated that “unions are on the verge of extinction and have no role in modern society”. As a member of that part of society that favours free markets, deregulation, downward pressure on wages and lower taxes and lower levels of income redistribution he would wish this to be true. However associations of workers, unions, still have a vital role to play in industrial relations in particular and society as a whole.

The industrial relations system where labour and capital (workers and business owners) with their own particular goals negotiate and compromise with each other whilst government supervises and regulates the process has under gone great change. The social contract has been partly broken and government has to a large part abdicated their role to the market. Unions, representing workers, have been weakened for a variety of reasons and capital (business) has become more powerful and thus takes an increasingly greater share of the rewards.

People such as Bernie Sanders and Jeremy Corbyn believe that the business model developed by the elite is not working for the majority of the population. The impact of the writings of people such as Thomas Piketty highlights the growing inequalities in income and wealth and the consequences of this inequality. The large following for populist such as Boris Johnson and Donald Trump show the high level of dissatisfaction, but they, and others, fail to outline sustainable realistic strategies to address the issues.

Unions do have a continuing traditional role to represent workers and argue and fight for particular workplace injustices, but their real relevance for the future is tied to the broader community. They are the only group with the resources, cohesion, experience and depth of membership to coalesce the wide range of individuals and groups in society to articulate, develop and help implement an alternative model that is fairer, sustainable and more just.

Student activities
17. What do you understand by the term “social contract” in reference to the relationship between employers and employees?
18. Do you agree with Joe Hockey’s view? Justify your opinion.
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Say you’re scrolling through your Facebook Newsfeed and you encounter an ad so eerily well-suited, it seems someone has possibly read your brain.

Maybe your mother’s birthday is coming up, and Facebook’s showing ads for her local florist. Or maybe you just made a joke aloud about wanting a Jeep, and Instagram’s promoting Chrysler dealerships.

Whatever the subject, you’ve seen ads like this. You’ve wondered - maybe worried - how they found their way to you.

Facebook, in its omniscience, knows that you’re wondering - and it would like to reassure you. The social network just revamped its ad preference settings to make them significantly easier for users to understand. They’ve also launched a new ad education portal, which explains, in general terms, how Facebook targets ads.

“We want the ads people see on Facebook to be interesting, useful and relevant,” a Facebook spokesperson said.

But it remains to be seen whether users are pleased or frightened by the new information they suddenly have.

Keeping track

As explained on that shiny new portal, Facebook keeps ads “useful and relevant” in four distinct ways. It tracks your on-site activity, such as the pages you like and the ads you click, and your device and location settings, such as the brand of phone you use and your type of Internet connection. Most users recognise these things impact ad targeting: Facebook has repeatedly said as much. But slightly more surprising is the extent of Facebook’s web-tracking efforts and its collaborations with major data brokers.

While you’re logged onto Facebook, for instance, the network can see virtually every other website you visit. Even when you’re logged off, Facebook knows much of your browsing: It’s alerted every time you load a page with a “Like” or “share” button, or an advertisement sourced from its Atlas network. Facebook also provides publishers with a piece of code, called Facebook Pixel, that they (and by extension, Facebook) can use to log their Facebook-using visitors.

On top of that, Facebook offers marketers the option to target ads according to data compiled by firms like Experian, Acxiom and Epsilon, which have historically fuelled mailing lists and other sorts of offline efforts. These firms build their profiles over a period of years, gathering data from government and public records, consumer contests, warranties and surveys, and private commercial sources - like loyalty card purchase histories or magazine subscription lists. Whatever they gather from those searches can also be fed into a model to draw further conclusions, like whether you’re likely to be an investor or buy organic for your kids.

When combined with the information you’ve already given Facebook, through your profile and your clicks, you end up with what is arguably the most complete consumer profile on earth: a snapshot not only of your Facebook activity, but your behaviours elsewhere in the online (and offline!) worlds.

User friendly, or invasive?

These snapshots are frequently incomplete and flawed, we should note - after all, they rely on
lots of assumptions. But generally speaking, they’re good enough to have made Facebook an advertising giant. In the second quarter of 2016, the company made $US6.4 billion (AUD 8.4 billion) in advertising, a number that’s up 63 per cent from the year before. And now, Facebook ads aren’t only on Facebook.com and its acquired apps - they also populate an external Audience Network.

“Speaking as both a consumer and as an advertiser, I think that Facebook’s ad capabilities make internet advertising a better experience overall,” said Kane Jamison, a Seattle-based marketer who has written about his experience with Facebook ads. “The majority of promoted topics that I see in my Facebook feed are relevant to my interests, and they’re worth clicking on more often.”

Not everyone is quite so convinced that Facebook’s targeting methods are benevolent, though. Peter Eckersley, the chief computer scientist at the Electronic Frontier Foundation, calls them “the most invasive in the world.”

Yes, he acknowledges, many companies use data brokers to make direct-mail lists, and almost every website utilises some kind of tracker or cookies -- but no company on earth, save Facebook, bundles all that information.

Take the example of the ad for your mother’s local florist: that might have been targeted to women from your hometown (which you’ve told Facebook) whose mothers’ birthdays are coming up (that’s in your Facebook calendar), who live away from family (based on off-site activity) and who have a high estimated income (according to Acxiom).

Eavesdropping?

Or the mystery of the spoken Jeep joke and displayed the car ad - an adjacency that actually happened on local Florida TV, convincing one newscaster that Facebook “eavesdropped” on her. Facebook actually sources data from IHS Automotive, an industry intelligence firm used widely by dealers, banks and financial analysts, and doesn’t need eavesdropping to know that your car’s 10 years old and you might be back in the auto market.

“Facebook’s business model is to amass as much first-party and third-party data on you as possible, and slowly dole out access to it,” Eckersley said. “If you’re using Facebook, you’re entrusting the company with records of everything you do. I think people have reason to be concerned about that.”

Eckersley’s main concern is how much consumers know about all this tracking - and how much they’re able to opt out of it. Facebook says it’s been transparent on both counts, and that the revamped ad preferences dashboard, as well as the long-standing “Why Am I Seeing This Ad?” dropdown, is only the latest proof that it’s dedicated to user privacy.

But while both the dashboard and the dropdown will rid you of ads you don’t like, neither actually lets users opt out completely of any of Facebook’s four tracking methods. The preferences manager, for instance, lets users tell Facebook they don’t have certain interests that the site has associated with them or their behaviour, but there’s no way to tell Facebook that you don’t want it to track your interests, at all.

‘Paradox of modern life’

Likewise, Facebook allows users to opt-out of advertisements based on their use of outside websites and apps. But that doesn’t mean that Facebook never tracks those people when they’re on other sites, Eckersley said: It just limits some of its more all-seeing methods. And while Facebook did push its data-broker partners to adopt better privacy measures when it began working with them in 2013, each broker still requires you to file an opt-out request with them individually.

There is another option, of course: If Facebook tracking freaks you out, simply don’t use it. There are people who want targeted, “relevant” ads -- and there are others, like Eckersley, who can’t stomach it.

But wait, what was that? Eckersley has Facebook? Surely hell just froze over.

“It’s the paradox of modern life,” he laughed, adding that he needs the site to keep in touch with friends and family. “We’re strongly incentivised, by the culture around us, to use this technology. It’s incredibly useful - and an incredibly giant structural problem for our privacy.”
Student activities

1. How Facebook is helping advertisers to find more information about Facebook users? What impact it has on advertisement revenue of Facebook?

2. What is the benefit of bundling information? How is Facebook bundling information? Can you think of an advertisement on Facebook where it matches your profile and interests.

3. Can you identify any other platform where Facebook is using user’s information to advertise?

4. Can Facebook track your other website activities once you preferred to opt-out? How would Facebook possibly track your other website activities once you have opted-out of advertisements?

5. Using social media like Facebook is a “paradox of modern life”. Explain this paradox in the context of privacy of information, need for socialisation and to experience more relevant advertisement for some users.