

# Glossary

**Better Life Index** - A comparison of wellbeing across OECD countries based on 11 (non-GDP) indicators including civic involvement, education, safety and environment.

**Budget** - A spending plan for managing money during a given period of time.

**Business** - A private profit-seeking organisation that use resources to produce and sell goods and services.

**Capital resources** - All equipment (machinery, buildings, infrastructure) used by human labour in the process of production, for example a secretary uses a computer; a bricklayer uses a trowel; a farmer uses a plough.

**Circular flow of income** - A simple economic model depicting how money flows through the economy.

**Competitive advantage** - When a business has an advantage over its competitors, allowing it to generate greater sales or margins.

**Consumer** - A person who acquires goods and services for their personal needs or wants.

**Cost advantage** - When a business finds way to reduce the cost of making their product so they can sell it at a lower price or increase their profit margin.

**Development** - The level of economic growth or prosperity of a nation.

**Demand** - An economic principle that describes a consumer's desire and willingness to pay a price for a specific good or service.

**Eco labels** - The certification and labelling of products that meet environmental and social standards in their production and consumption.

**Ecological footprint** - The impact of human activities measured in terms of the area of biologically productive land and water required to produce the goods consumed and to collect and break down the wastes generated.

**Economics** - The study of how individuals and groups make decisions with limited resources as to best satisfy their wants, needs, and desires.

**Economy** - The state of a country or region in terms of the production and consumption of goods and services and the supply of money.

**Entrepreneur** - A person who organises and manages any enterprise, especially a business, usually with considerable initiative and risk.

**Enterprise** - A project or venture undertaken for commercial purposes.



# Glossary

**Ethical investing** - Using one's ethical principles as the main filter for securities selection. Examples of ethical investments include clean energy and energy efficiency, sustainable products, medical solutions, innovative technology, responsible banking, recycling, health care, education or aged care.

**Externalities** - Impacts from the production of goods and services experienced by a third party.

**Fair trade** - Business practices that encourage the payment of better prices, decent working conditions, local sustainability, and fair terms of trade for farmers and workers in the developing world.

**Gross Domestic Product (GDP)** - The total value of goods and services produced in a country on one given year.

**GDP per capita** - The total value of goods and services produced in a country on one given year divided by the number of people in that country.

**Globalisation** - The increased connectedness of people, businesses and economies as a result of improvements in transport and communication technology.

**Global supply chain** - A system of businesses, organisations, people, activities, information, and resources involved in any stage of the production of a good or service where various stages are carried out in a number of different countries.

**Goods** - Objects that can satisfy people's needs and wants.

**Happy Planet Index** - A global measure of progress or development based on the extent to which countries deliver long, happy, sustainable lives for the people that live in them.

**Households** - Individuals and family units, which as consumers, buy goods and services from firms and, as resource owners, sell or rent productive resources to business firms.

**Human resources** - Human resources describe the human work effort, both physical and mental, used in the production of goods and services.

**Income** - Money received for work or from investments.

**Labour** - Individuals and family units, which as consumers, buy goods and services from firms and, as resource owners, sell or rent productive resources to business firms.

**Market** - A group of buyers and sellers (where buyers determine the demand and sellers determine the supply) who together exchange their goods or services.



# Glossary

**Marketing** - The action of promoting and selling goods and services.

**Natural capital** - The land, air, water, living organisms and all aspects ecosystems that provide us with goods and services essential for human survival and wellbeing.

**Natural resources** - Natural resources are useful raw materials that we get from the Earth. They occur naturally, meaning humans cannot make them. Instead, humans can use and modify natural resources in ways that are beneficial to us. Some examples of natural resources are air, water, animals, minerals, plants and sunlight.



**Needs** - When you require (something) because it is essential to your survival or very important rather than just desirable; needs are the essentials, the basics of life we can't live without.

**Non-renewable / Finite resources** - Any natural resource from the Earth that exists in limited supply and cannot be replaced if it is used up, such as oil or coal.

**OECD** - Organisation for Economic Cooperation and Development is a forum where the governments of 34 democracies with market economies work with each other to promote economic growth, prosperity, and sustainable development.

**Opportunity cost** - A benefit, profit, or value of something that must be given up to acquire or achieve something else.

**Processing** - The manufacturing of goods from one product to another.

**Product differentiation** - When a business makes their product in some way appear superior or better than the competitor's product.

**Raw materials** - The basic natural materials from which a product is created. Includes goods that are farmed, mined, fished and forested.

**Real Wealth** - Spending time with friends and family, living in a vibrant, supportive community, and being happy, healthy and content.

**Renewable Resources** - Any natural resource that can be replenished naturally over time. Examples of renewable resources include oxygen, fresh water and wood from trees.

**Resources** - A service or other asset used to produce goods and services that meet human needs and wants. There are three types of resources: 1. Human resources, 2. Natural resources and 3. Capital resources.

**Scarcity** - The basic economic problem that arises because people have unlimited wants but resources are limited. Figuring out ways to make the best use of scarce resources or find alternatives is fundamental to economics.

For more information on how you can help our environment, or to make some suggestions of your own, please go to [www.coolaustralia.org](http://www.coolaustralia.org)

# Glossary

**Services** - Activities that can satisfy people's needs and wants.

**Share** - The capital of a company is divided into shares. Each share forms a unit of ownership of a company and is offered for sale so as to raise capital for the company.

**Share/stock market** - The market in which shares of publicly held companies are issued and traded.

**Shared Value** - When enterprises adopt innovative solutions to social problems while at the same time achieving their business goals.

**Supply** - A fundamental economic concept that describes the total amount of a specific good or service that is available to consumers.

**Supply chain** - A system of businesses, organisations, people, activities, information, and resources involved in any stage of the production of a good or service.

**Sustainability** - Sustainability is about making sure there is enough for our environment and for everyone on Earth, both now and in the future.

**Tragedy of the Commons** - A problem that occurs when individuals exploit a shared resource to the extent that demand overwhelms supply and the resource becomes unavailable to some or all.

**Transnational corporation** - A business that produces and/or sells its good and services in more than one country.

**Wages** - Payment workers receive for their labour.

**Want** - When you have a desire to possess or do something, when you really wish for something; wants are items, activities or services that increase your quality of life.

**Wealth** - 'An abundance of valuable possessions or money' or 'a plentiful supply of a particular desirable thing'.

**Welfare** - The health, happiness, and fortunes of a person or group.

**Work-life balance** - The extent to which the balance between work and leisure is achieved.

