

Lecture 2- Urban Sustainability, Wicked Problems and the Shared Economy

Drivers of change:

- Carrying capacity
- Technological innovation
- Changing patterns of consumption
- Global environmental issues
- Population explosion
- Industrialisation of the developing world

Characteristics of Wicked Problems

- ☐ Cannot be exhaustively formulated
- ☐ Every formulation is a statement of a solution
- ☐ No stopping rule
- ☐ No true or false
- ☐ No exhaustive list of operations
- ☐ Many explanations for the same problem
- ☐ Every problem is a symptom of another problem
- ☐ No immediate or ultimate test
- ☐ One-shot solutions
- ☐ Every problem is essentially unique
- ☐ Problem solver has no right to be wrong

Benefits and Criticisms of the Share Economy

Benefits: Promotes **interaction between people**.

- Capitalises on changing attitudes to consumer goods
- Promotes more efficient uses of the world's resources

Criticisms: Promotion of **social inequality**

- Out-dated legislation and modes of doing business
- Shared economy workers aren't subject to the same level of protection as would exist in unionised workforces and listed companies

Sustainability and the Share Economy Model

The role of public authorities

The role of entrepreneurs

The role of consumers

Lecture 3: The Law, the Legal System and Business Structures

The Law: The law is defined as the principles and regulations emanating from a government and applicable to a people whether in the form of legislation or of custom and policies recognised and enforced by judicial decision.

Business law refers to the **rules and regulations that govern the conduct of business.**

In IBP, we will cover various areas of law throughout the course, which include:

- Introduction to Law
- Business Structures
- Contracts (1): Formation and Performance
- Contracts (2): Terms and Remedies
- Intellectual Property
- Consumer Protection

The Australian Legal System: What are the sources of law in Australia?

- Legislation
- Common law (and the rule of precedent)

How is statutory law made?

- Governments
- House of Representatives and the Senate.

Common Law

- Common law is also known as '**judge made law**'.
- Common law comes from both England and Australia.

What is the Doctrine of Precedent?

A doctrine that provides that the courts should treat similar cases in a similar fashion to how they have been treated by superior courts (i.e. lower courts must follow decisions made by the higher courts).

Civil Law

- Concerns private actions between persons
- Focus is on compensation (damages) and preventing harm (Injunctions)
- Burden of proof is “on the balance of probabilities”

Criminal Law

- Concerns offences against the whole community
- Focus on punishment and deterrence
- Burden of proof is “beyond reasonable doubt”
- Agencies of the state have special powers of investigation, surveillance search and seizure

Regulatory Body: It is a body empowered by legislation to supervise and/or regulate a particular aspect of the business environment. These include the Australian Accounting Standards Board, Australian Competition and Consumer Commission, Australian Prudential Regulation Authority, Australian Securities and Investment Commission, Australian Stock Exchange

Main Forms of Business Structure

- Sole Proprietor/sole trader
- Partnership
- Company
- Association

All business owners need to consider certain factors when choosing the most appropriate entity to run the business. Some of these are:

- Purpose or nature of the business
- Establishment & Formalities
- Control
- Limitation of liability
- Taxation implications
- Continuity of existence and cessation
- Governing law

A “good structure” will:

- allow **flexibility**
- provide **asset protection**
- minimize costs
- allow **efficient distribution** of profits.
- enable **sharing** of ownership of assets and income
- Allow **protection from liability** and minimize tax.

Partnerships: “Two or more persons carrying on business in common with a view to profit”

Corporations Law

National Corporations Law: Corporations Act 2001

- **Regulation of establishment of corporations**- the replaceable rules
- **Regulation of behaviour of corporate offices** (SS180-185)
- **Regulation of securities industry**- licensing of stock exchanges, stockbrokers and financial advisers, sale and purchase of shares and derivatives, prospectuses
- **Regulation of takeovers**

Directors Duties

The duties are covered by common law and legislation namely the Corporations Act.

Some of these directors duties include:

- Fiduciary Duties, requiring directors to act in the best interests of the company
- To exercise powers for their proper purpose
- To exercise care, skill and due diligence
- To avoid conflict between duty and interest

Fiduciary duties are owed by the directors individually, making them personally liable for a breach of these duties.

Other Business Structures

Joint Venture

A new firm created by two or more companies in order to achieve specific objectives.

Franchise

An agreement where a business owner is able to use a “business name” in the operation of business (for example McDonalds)

Trust

A property interest held by a party (the trustee) for the benefit of another (the beneficiary).

It is important to choose the most appropriate business structure to ensure protection of assets, minimising costs and risks and maximising profits etc.

