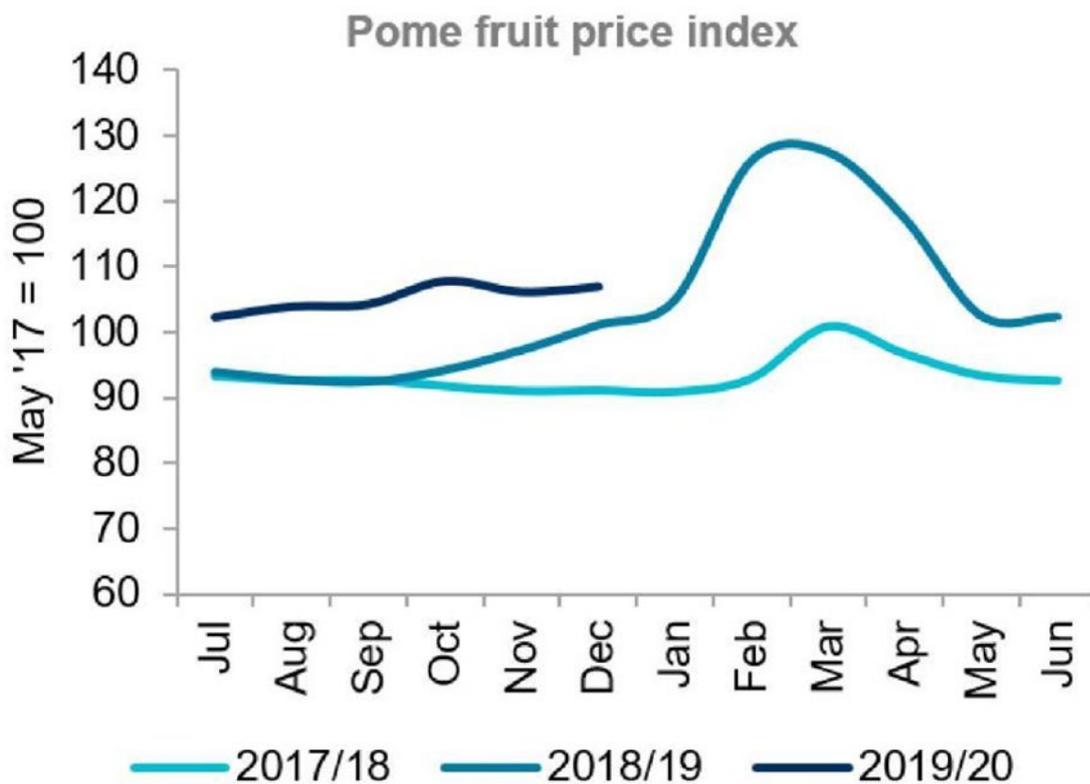




Bushfires and pome fruit prices

A significant number of pome fruit (mainly apples, pears and nashi) orchards have been damaged in the recent bushfires in New South Wales and Victoria. Apple and Pear Australia Limited (APAL) chief executive officer, Phil Turnbull, said "The apple and pear industry has faced an inordinate amount of challenges over the last 12 months, in addition to fires, there is the on-going drought, hail storms, bird and flying fox damage, as well as excessive heat."

The graph below shows the average price of pome fruits from July 2017 to December 2019 in Australia.



Source: Rural Bank Insights January 2020 report

Note: This data is in the form of an index number. This is a comparison to a 'base' point in time, in this case May 2017, which is given the value of 100. A number above 100 indicates that the price index is above what it was in the base month. A number below 100 indicates that the price index is below what it was in the base month.





Finding out

- Sketch this graph with the horizontal axis showing each month for the full two-and-a-half year time period (i.e. combine the three time periods into one continuous line starting with July 2017 and concluding with June 2020).
- What do you think is the purpose of constructing the graph with the three lines each covering a 12-month period from different years?
- Are pome fruit prices in the first half of 2019-20 different to prices in the first half of the previous two years? Use data from the graph to justify your answer.
- With a partner:
 - predict what will happen to the prices of pome fruit in the first half of 2020 following the devastating bushfires of November 2019 to February 2020
 - based on this prediction, sketch in the remainder of price index line for 2019-20
 - determine whether this is an example of a change in consumer demand for pome fruits causing a change in their price **OR** a change in supply of pome fruits causing a change in their price.
- The pome fruit orchards burnt in the bushfires will take several years to start producing fruit again. In a small group, discuss how pome fruit growers in other states not affected by the bushfires will respond to the changes in the market.
- As a class, share and compare your extended pome fruit index graphs and then your prediction for the response in other states.





Teacher notes

Purpose

This 'bite' aims to relate a commonly used example of the operation of the market to a current 'real world' situation.

Prior knowledge

Students need to have been exposed to the following Year 8 Economics and Business syllabus content before undertaking this 'bite':

- The way markets operate in Australia and how the interaction between buyers and sellers influences prices and how markets enable the allocation (of resources)

They also need to be familiar with the following Year 7-8 HASS skills:

- Apply subject-specific skills and concepts in familiar and new situations
- Translate information and/or data from one format to another (e.g. from one type of graph to another type)

Follow-up

Another current 'real world' situation to consider is the impact of Panama disease on the market for bananas in Australia.

