



Panama disease and banana prices

All fresh bananas available in Australia are locally grown. No imports are permitted. Australia grows approximately 250,000 tonnes of bananas each year, 85 per cent of those in North Queensland. Over 5,000 people are employed directly in the banana industry, with many more employed in supporting industries.

Panama disease is a fungus that kills banana trees from the roots and leaves the soil unsuitable for future banana growth. Recently, in Northern Queensland, a case of the disease was identified in the area that produces 80% of Australia's bananas. Although the bananas are safe to eat, the disease kills Cavendish banana trees (the most common type grown in Australia).



612 ABC Brisbane: Jessica Hinchcliffe

- Read the following *ABC News* item and/or find other information about the disease in Australia.

<https://www.abc.net.au/news/2018-01-24/potential-new-panama-disease-outbreak-at-queensland-banana-farm/9356990>

- For some background on bananas and Panama disease listen to the first 36 mins of this *Freakonomics Radio* program:

<http://freakonomics.com/podcast/season-8-episode-43/>





Finding out

- Use the following items to create a flow diagram to show the potential impact should a large proportion of Australian banana plantations be affected by the Panama disease.
 - o Reduced employment on Queensland banana plantations
 - o A shortage of bananas in the market
 - o The price of bananas increases
 - o The supply of bananas decreases
 - o Panama disease spreads in Australia
 - o More competition between consumers with a strong desire for bananas as there are less available
 - o Some banana growers move to growing other fruits

Note: A flow diagram isn't necessarily linear. Where one item results in several changes the flow splits. These split flows can continue separately, re-join or split again.

- With a partner, discuss:
 - o the change (if any) to the price of bananas from areas outside Queensland, such as, Carnarvon in Western Australia, if they were not affected by Panama disease
 - o the effect on resource allocation if large areas of land in Northern Queensland could no longer be used to grow bananas
 - o what you found most interesting and/or unexpected about the potential impact of the virus on the market for bananas.
- As a class, share and compare your flow diagram, your answers to the two situations that you have discussed and the things that were most interesting and/or unexpected.





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
- Represent information... using appropriate formats to suit... purpose (e.g. flow diagram)

Follow-up

Another current 'real world' situation to consider is the economic impact of the 2019-20 bushfires.

