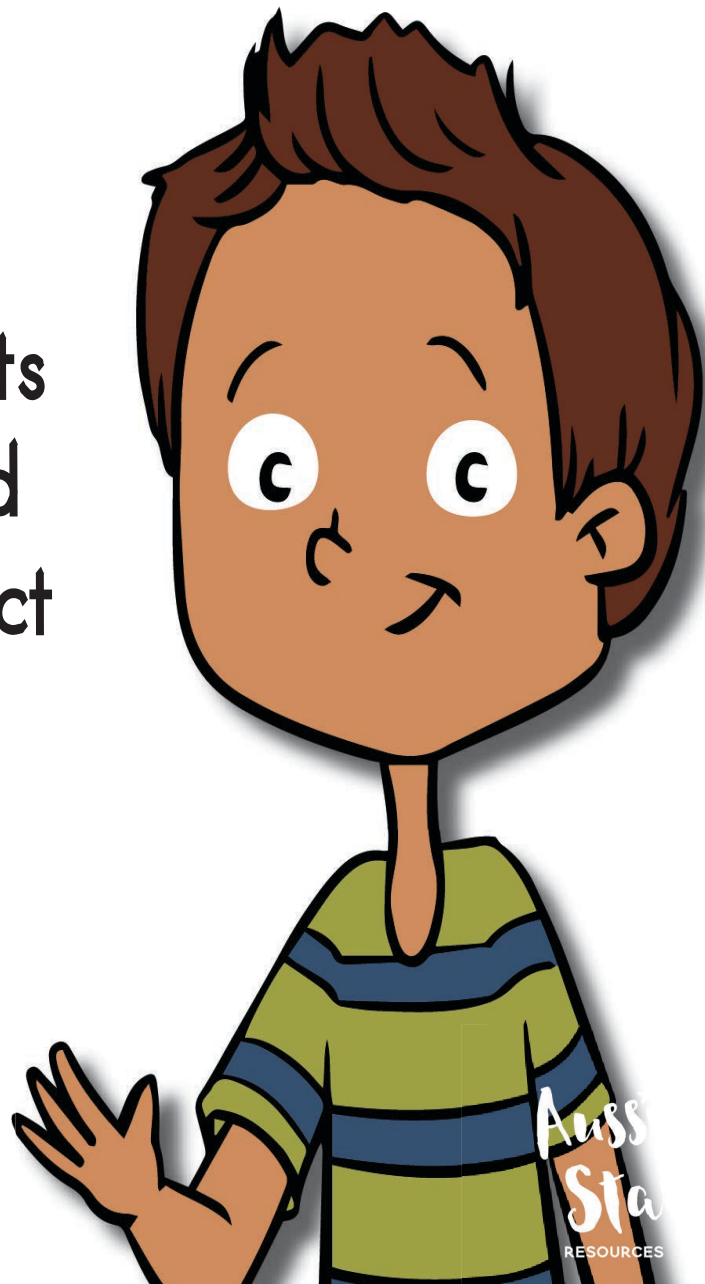


**Grade 5 HASS**  
**Business and Economics**

# **Understanding Scarcity, Supply & Demand**

Help your students  
understand the concepts  
of scarcity, supply and  
demand and their impact  
on our consumer  
behaviour.





# Scarcity, Supply & Demand

Have you ever noticed that the price of items in the fruit and vegetable section of your supermarket go up and down? So why does it cost so much more during the winter months than the summer months? And why are tomatoes twice as expensive in winter? Sometimes we see even more extreme changes in price when a major catastrophe happens like a cyclone in Queensland destroying the banana plantations can cause bananas to cost up to \$10 per kilogram when they are normally \$4 per kilo! The reason for these changes can be explained using three concepts that impact the variety of products that are grown and produced by businesses and the prices we make as consumers.



## Supply

The term supply means how much of a good or service is available to meet the needs of consumers. In winter apples and pears are in abundance so they are readily available in large quantities. Because there are so many the supermarkets can make them cheaper for consumers. What do you think would happen to the supply and price of apples if there were hail storms and destroyed most of the season's apple crop?

As there would be less apples but still demand for them they would be harder to find and the price would go up.

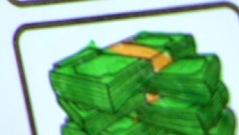
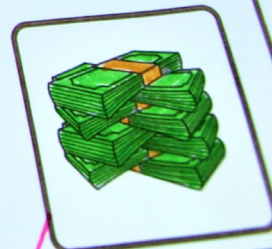
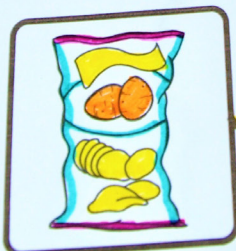
# Why The Difference?

After completing the 'What Does It Cost?' matching activity answer the following questions.

1. Why are these items different prices?  
Some of them are very big items like the car. Others are very small and easy to get like the chips. A diamond is very expensive because they're hard to find.
2. What items are hard to find or rare?  
Diamonds are very hard to find. Expensive cars are also hard to find.
3. a) Why

# What Does It Cost?

Match the items with the dollar signs that represent how expensive that item is. For example if it is a really expensive item match it to the box with the most dollar signs. One has already been done for you.



# The Impact of Supply And Demand

1. How does your bakery supply a good or service to the community?  
I supply fresh baked goods like bread, pies, pastries and cakes to the local community.  
2. What advantage do you have in your town when it comes to the supply of baked goods?  
My biggest advantage is that I'm the only bakery in town! I don't have to compete with another business.



Due to a nationwide drought there is a shortage of flour and it has become very expensive to buy. This means that you have to reduce the number of goods that you bake even though you still have lots of customers. Because flour is expensive you need to increase your prices to cover the costs of making them. Since you're the only bakery in town people still buy your goods despite the increase.



A new bakery has opened in town! They are part of a large popular chain of bakeries and bake a bigger range of goodies than you. They also sell their produce for much lower prices than you do and have more staff so they can serve people quicker. The only real difference to your business is that they don't make specialty cakes for birthdays, weddings and other events.

# TEACHING NOTES

UNDERSTANDING SCARCITY, SUPPLY AND DEMAND  
The Australian Curriculum requires that students understand the difference between needs and wants and why choices need to be made. This lesson will help students understand how limited resources affect their choices.



## LESSON PLAN

SUBJECT: HASS  
CURRICULUM AREA: Business & Economics  
TOPIC: Scarcity, Supply and Demand  
ANTICIPATED UNDERSTANDING/OUTCOMES:  
Students will understand that at the end of this lesson students will have a basic understanding of the concepts of scarcity, supply and demand and how they influence our choices about how limited (scarce) resources are used and how they affect our own behaviour as consumers.

GRADE LEVEL: 5  
TERM: 1  
DURATION: 90 mins/2-3 lessons

ACARA LINKS:  
ACHASSK119  
ACHASSK120  
ACHASSK121

PRIOR KNOWLEDGE:  
Lesson students have explored the concept of an economy and learnt to identify and define wants and needs as a community.

## MIDDLE

Now that students are 'warmed up' it's time to put themselves in the role of a store owner who is faced with the issues of scarcity, supply and demand. This activity looks at the cause and effect of changes in supply and demand on businesses and consumers. Hand out the 'Supply and Demand' worksheet and the 'Impact of Scarcity, Supply and Demand' flipbook pages. Allow time for students to read through the comprehension pages and then complete the flipbook. This can be done individually or in pairs but

## END

To consolidate their understanding students conclude the topic of Scarcity, Supply and Demand by completing the 'Scarcity, Supply and Demand Defined' flipbook which provides them with the opportunity to explain each concept in their own words and provide an example for each. It is important to emphasise that students need to use their own words rather than copy from others.



## TEACHING NOTES

### STANDING SCARCITY, SUPPLY AND DEMAND

The Australian Curriculum requires that students understand the difference between needs and wants and why choices need to be made about how limited (scarce) resources are used (ACHASSK119). This lesson and the accompanying resources have been designed to help you teach your students the concepts of SCARCITY, SUPPLY and DEMAND. While we have a general understanding of these concepts, it's important to explore them in more detail. The activities in this lesson plan are designed to help you use these resources in a way that makes sense for your students. Happy teaching!

## LESSON PLAN

SUBJECT: HASS  
CURRICULUM AREA: Business & Economics  
TOPIC: Scarcity, Supply and Demand

GRADE LEVEL: 5  
TERM: WEEK  
DURATION: 90 mins/2-3 lessons

ACARA LINKS:  
ACHASSK119  
ACHASSK120  
ACHASSK121

ANTICIPATED UNDERSTANDING/OUTCOMES:  
At the end of this lesson students will have a basic understanding of the concepts of scarcity, supply and demand and how they influence our choices about how limited (scarce) resources are used and how they influence our behaviour as consumers.

PRIOR KNOWLEDGE:  
Students have explored the concept of an economy and learnt to identify and define wants and needs as a community.

## Scarcity, Supply & Demand Defined

Now that you have explored the concepts of SCARCITY, SUPPLY and DEMAND record the definition for each concept and an example below. Ensure you write these explanations in your own words to demonstrate your understanding.

### Why The Difference?

Are...

### Scarcity, Supply & Demand

Have you ever noticed that the price of items in the fruit and vegetable section of your supermarket go up and down?  
A peach is a peach right? So why does it cost so much more during the winter months than the summer months? And why are tomatoes twice as expensive in winter?  
Sometimes we see even more extreme changes in price when a major catastrophe happens like a cyclone in Queensland destroying the banana plantations can cause bananas to cost up to \$10 per kilogram when they are normally \$4 per kilo! The reason for these changes can be explained using three concepts that impact the variety of products that are grown and produced by businesses and the choices we make as consumers.

**Scarcity**  
Diamonds are really really expensive. Why do you think this is? Brainstorm the reasons you think diamonds are expensive below.  
*Because diamonds are hard to find they are very expensive. They have a premium on them. If you want to have something rare and special you have to pay a lot of money.*

### Supply

The term supply means how much of a service is available to meet the needs of consumers. In winter apples are abundant so they are really cheap. Because there are so many apples, supermarkets can make a profit for consumers. What do you think will happen to the price of apples if they are destroyed by a storm?

**As the apple supply decreases, the price increases.**

### What Does It Cost?

With the dollar signs that represent how expensive that item is. For a really expensive item match it to the box with the most dollar signs.

### Demand

It looks like your business as a local baker is going really well! You're the only bakery in town and everyone loves to come and get their special cakes, biscuits and pies from you. At lunch time there's a line out the door for your delicious food.  
Because your bakery is so popular and you're the only one in town, you can charge a little more for your baked goods than other bakeries and make some extra money.

**Congratulations Supply and Demand!**

## TEACHING NOTES

### STANDING SCARCITY, SUPPLY AND DEMAND

The Australian Curriculum requires that students understand the difference between needs and wants and why choices need to be made about how limited (scarce) resources are used (ACHASSK119). This lesson and the accompanying resources have been designed to help you teach your students the concepts of SCARCITY, SUPPLY and DEMAND. While we have a general understanding of these concepts, it's important to explore them in more detail. The activities in this lesson plan are designed to help you use these resources in a way that makes sense for your students. Happy teaching!

## LESSON PLAN

SUBJECT: HASS  
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GRADE LEVEL: 5  
TERM: WEEK  
DURATION: 90 mins/2-3 lessons

ACARA LINKS:  
ACHASSK119  
ACHASSK120  
ACHASSK121

ANTICIPATED UNDERSTANDING/OUTCOMES:  
At the end of this lesson students will have a basic understanding of the concepts of scarcity, supply and demand and how they influence our choices about how limited (scarce) resources are used and how they influence our behaviour as consumers.

PRIOR KNOWLEDGE:  
Students have explored the concept of an economy and learnt to identify and define wants and needs as a community.

## TEACHING NOTES

### STANDING SCARCITY, SUPPLY AND DEMAND

The Australian Curriculum requires that students understand the difference between needs and wants and why choices need to be made about how limited (scarce) resources are used (ACHASSK119). This lesson and the accompanying resources have been designed to help you teach your students the concepts of SCARCITY, SUPPLY and DEMAND. While we have a general understanding of these concepts, it's important to explore them in more detail. The activities in this lesson plan are designed to help you use these resources in a way that makes sense for your students. Happy teaching!

### The Impact of Supply And Demand

Due to a nationwide drought there is a shortage of flour and it has become very expensive to buy. This means that you have to reduce the number of goods that you bake even though you still have lots of customers. Because flour is expensive you need to increase your prices to cover the costs of making them. Since you're the only bakery in town people still buy your goods despite the increase.

### Flour Power

A new bakery has opened in town! They are part of a large popular chain of bakeries and bake a bigger range of goodies than you. They also sell their produce for much lower prices than you do and have more staff so they can serve people quicker. The only real difference to your business is that they don't make specialty cakes for birthdays, weddings and other events.



# TEACHING NOTES

## WHAT IS AN ECONOMY?

Defining and explaining an Economy is difficult. While we know what it is and why it exists describing and explaining its function to students, in a way that they can relate to, is very hard. You might find some of your students looking like this. In fact, you might be feeling that way too!

There are many definitions for an economy, some of them can get quite technical but basically an economy is a system of inter-related activities that produce and consume resources while being traded as goods and services. All resources are limited (called scarcity) an economy requires they be monitored and ensure their availability now and in the future.

Economies can range in size and function. For example, in this activity students will explore their local economy (a small economy) but economies also exist on a global scale. There are many factors that influence the evolution and function of an economy. These include government intervention, cultural factors, laws, religion and geography. Just to name a few. It is impossible for society to operate and function without some form of an economy to meet the ever present wants and needs of humans and the limited supply of resources.

## HOW WILL THIS ACTIVITY HELP ME EXPLAIN AN ECONOMY?

Providing real life examples and hands on, interactive activities students are able to engage with new concepts. It can be hard to put a name and explanation to something everyday. We rarely think of the exchange of products and services and resources.

This resource has been designed to help you introduce the concept of an economy to students, and make them more aware of the exchange of products and services in their needs are met. By focussing on their local community and creating a real life example in their classroom students are able to explore how consumers and producers interact and relate to each other.

On the next page we have provided a suggested lesson plan to help you teach about an economy. Feel free to modify, add to, and omit sections of this lesson plan to suit your needs. We have based the group numbers on a class of 20 students. If you'd rather not have groups work together this can be done individually but would require a greater time allowance.

## LESSON PLAN

SUBJECT: HASS

CURRICULUM AREA: Business & Economics

TOPIC: Scarcity, Supply and Demand

GRADE LEVEL: 5

TERM: WEEK

DURATION: 90 mins/2-3 lessons

### ANTICIPATED UNDERSTANDING/OUTCOMES:

It is anticipated that at the end of this lesson students will have a basic understanding of supply and demand and how they influence our choices about how limited (scarce) resources influence our own behaviour as consumers.

### STUDENTS PRIOR KNOWLEDGE:

Prior to this lesson students have explored the concept of an economy and learnt the needs as an individual and as a community.

### RESOURCES NEEDED:

Pens/Pencils, Worksheets

### LESSON SEQUENCE:

#### BEGINNING

As a class brainstorm a list of 'very expensive items'. This may range from cars, houses, boats, jewellery etc. Encourage them to discuss why these items are so expensive compared to ordinary items - For example why is a Lamborghini so much more expensive than a Toyota? Are they easy to find? Are they easy to make? Why/Why not?

#### MIDDLE

Now that students are 'warmed up' it's time to put themselves in the role of a store owner who is faced with the issues of scarcity, supply and demand. This activity looks at the costs and effect of changes in the supply and demand on businesses and consumers. Hand out the 'Scarcity, Supply and Demand' Flip book pages. Allow time for students to read through the comprehension page and then complete the Flip book. This can be done individually or in pairs but each student should complete their own Flip book. It is a good idea to get the class started by working through the first couple of sections as a group.

#### ENDING

Once your students have completed their Flipbook pages allow time for them to assemble the pages and give them in to their workbooks along with the 'What does it cost?' and 'Why the Difference?' worksheets so they don't get lost.

## What Does It Cost?

Match the items with the dollar signs that represent how expensive they are. Example if it is a really expensive item match it to the box with \$100. One has already been done for you.



## Why The Difference?

After completing the 'What Does It Cost?' matching activity answer the following questions.

1. Why are these items different prices?

2. What items are hard to find or rare?

3. a) What do you notice about the price of the rare items?

b) Why are some items far more expensive than others?



## Scarcity, Supply & Demand

Have you ever noticed that the price of items in the fruit and vegetable section of your supermarket go up and down?

A peach is a peach right? So why does it cost so much more during the winter months than the summer months? And why are tomatoes twice as expensive in winter?

Sometimes we see even more extreme changes in price when a major catastrophe happens like a cyclone in Queensland destroying the banana plantations can cause bananas to cost up to \$10 per kilogram when they are normally \$4 per kilo! The reason for these concepts that impact the variety of products that are grown and produced by businesses and the choices we make as consumers.



### Scarcity

Diamonds are really really expensive. Why do you think this is? Brainstorm the reasons you think diamonds are expensive below.

### Demand

If you owned a pet Christmas tree? Why?

Of course you consider putting burning logs in the demand for it.

Demand doesn't need a pet.

Consumers and producers are faced with the issue of scarcity everyday. They have limited resources available to satisfy unlimited wants. In winter peaches are hard to find (scarce) but people still want to eat them so the supermarkets need to try to meet this need but because they're so scarce they can charge a higher price. Basically the rarer the item the more expensive it is.

## The Impact of Supply And Demand

It looks like your business as a local baker is going really well! You're the only bakery in town and everyone loves to come and get their special cakes, biscuits and pies from you. At lunch time there's a line out the door for your delicious food.

Because your bakery is so popular and you're the only one in town, you can charge a little more for your baked goods than other bakeries and make some extra money.



Due to a nationwide drought there is a shortage of flour and it has become very expensive to buy. This means that you have to reduce the number of goods that you bake even though you still have lots of customers. Because flour is expensive you need to increase your prices to cover the costs of making them. Since you're the only bakery in town people still buy your goods despite the increase.



A new bakery has opened in town! They are part of a large popular chain of bakeries and bake a bigger range of goodies than you. They also sell their produce for much lower prices than you do and have more staff so they can serve people quicker. The only real difference to your business is that they don't make specialty cakes for birthdays, weddings and other events.



## Scarcity

## Supply

## Demand

## Scarcity, Supply & Demand Defined

Now that you have explored the concepts of SCARCITY, SUPPLY and DEMAND record the definition for each concept and an example below. Ensure you write these explanations in your own words to demonstrate your understanding.

Scarcity is

An example of scarcity is

Supply means

An example of supply is

Demand is

An example of demand is

Scarcity  
Supply  
Demand