

Question 22 (9 marks)

- (a) Explain how interest rate trends over time can affect decision making for a farm. 3

Interest rates can determine the overall nature of a farm enterprise — those with a high cost start-up will in a high interest rate period be relatively un-feasible for the farmer; in a low interest period a farmer may be willing to take more risks eg. beginning a new enterprise or altering another to the movement to 'zero till' (high machinery cost) or the setting up of a feedlot system (cost of set up).

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Question 22 (continued)

- (b) Analyse the structure of the Australian agribusiness sector, including a comparison of the importance of the family farm with other components of this sector.

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The Aust. Agribusiness sector encompasses many facets of the industry and can incorporate machinery dealers, CRC's, chemical suppliers, auctioners/agents and laboratories. The family farm, may also encompass some of these aspects into their operations w. ~~vertical~~ "vertical integration", this could include fodder production for use on farm and sale and the contracting of farm equipment or the use of separate enterprises eg Aerial spraying.

The Agribusiness sector is DEPENDENT upon the raw product and need of the Ag industries. One cannot exist without the other. Likewise the ag industry is DEPENDENT upon the resources from the Agribusiness sector such as chemicals etc in order to produce the product. Agribusiness can also be a means of "value adding" a product such as a woollen mill spinning wool for the textiles industry.

End of Question 22