

**Question 22** (9 marks)

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

Fluctuating interest rates create ~~an~~ ~~the~~ financial ~~essentially~~ uncertainty & with farmers. Fluctuating interest rates affect loan repayments preventing farmers from making future farm decisions &/or commitments in the case that the rates change again, causing them to seek extra money to meet repayments.

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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 Australian agribusiness sector incorporates all aspects of farming production, marketing & sale, that is; farms, produce stores, saleyards, abattoirs, butchers etc. All these little parties which help in the production of an animal or plant product are included in the agribusiness sector. Banks such as NAB also are a large part of the agribusiness sector through the funding for farmers. Each individual party in the agribusiness sector is equally important in the production of the product. For example family farms are linked to; produce stores (feed, seed, fertiliser, vaccine etc), other farms (hay, feed, ~~etc~~ background cattle etc), banks for financing, butchers/grain companies for sale of product etc. The agribusiness sector is one large connected chain with each party being connected in one way or another.

End of Question 22