

**Question 22** (9 marks)

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

Interest rate trends can affect a farmers decision to take out a loan, or invest in capital. They can also affect a farmers current loan and the repayments he must make on it.

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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 structure of the Australian agribusiness sector involves 94% of it being owned by family farms, and the other 6% being owned by corporate farming.

The traditional family farm is very important in the agribusiness sector as it is the majority.

As agriculture is becoming increasingly difficult to compete in, many family farms are selling their properties and being bought out by corporate, particularly big investment groups in Asia. Family farms are also being sold as many ~~family~~ farmers' children who would traditionally take over the farm are not, and therefore are selling it to corporate businesses.

End of Question 22