

Question 22 (9 marks)

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

Increases in interest rates can make farmers ~~not~~ need to look for other income sources to balance costs e.g. value adding by producing cheese, selling stock (etc). Farmers also may have to find a way to increase production of current product e.g. for milk, buy/breed cows with higher production, use a feed that increases production, ~~or~~ ~~use~~ milk cans more often or increase herd size.

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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. 6

Various production ~~system~~ systems of Australian agribusiness sector:

Family farms run exclusively by the family or with few "outside" workers.

Lower in production due to size.

Workers are paid/unpaid family members.

Commercial farm → large scale production

- many employees to run
- generally higher production costs due to size

The family farm is important as it introduces a younger generation to farming and hopefully encourages young people to take on jobs in the agribusiness sector.

~~However~~ Smaller scale farms such as family farm often encourage greater sustainable farming practices? → lower size and lower demand = less damage to farming land.

Commercial farms can be run by large

End of Question 22

companies that require high demand in production, which could lead to overstocking?? → e.g. caged egg farms.