

**Internal Assessment Resource**

Agribusiness Level 2

This resource supports assessment against Achievement Standard 91865

Standard title: Demonstrate understanding of future proofing influences that affect business viability

**Credits:** 4

Resource title: Goats galore

**Resource reference:** Agribusiness 2.7A Version 1

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| This resource:   * Clarifies the requirements of the achievement standard * Supports good assessment practice * Should be subjected to the school’s usual assessment quality assurance process * Should be modified to make the context relevant to students in their school/kura environment and ensure that submitted evidence is authentic |

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| Date version published by Ministry of Education | December 2017 Version 1  To support internal assessment from 2018 |
| Authenticity of evidence | Teachers must manage authenticity for any assessment from a public source, because students may have access to the assessment schedule or exemplar material.  Using this assessment resource without modification may mean that students’ work is not authentic. Teachers may need to change figures, measurements or data sources or set a different context or topic to be investigated or a different text to read or perform. |

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Teacher guidelines

The following guidelines are supplied to enable teachers to carry out valid and consistent assessment using this internal assessment resource.

Teachers need to be very familiar with the outcome being assessed by the achievement standard. The achievement criteria and the explanatory notes contain information, definitions, and requirements that are crucial when interpreting the standard and assessing students against it.

**Context/setting**

This resource focuses on future proofing influences.

This activity requires students to present a report that demonstrates their comprehensive understanding of future proofing influences and how they could affect the viability of an identified business.

The report should also thoroughly explain and evaluate the long and short-term impacts of future proofing influences that could affect the viability of the business, predicting impacts both within and beyond the business and the consequences of these impacts.

If you are choosing an agribusiness context for this assessment, there is no expectation to cover all seven primary industries.

**Conditions**

Where a group approach is used, the teacher needs to ensure that there is evidence that each student has met all aspects of the standard. It is suggested that this task is completed individually.

A student can present their information in a format of their own choice. For example, written paragraphs, tables, graphs, videos and/or diagrams, which could form part of a poster, slideshow, a blog or website. You may want to give students guidance on the appropriate style and format for their findings. This achievement standard does not assess format or style.

As a guide, this assessment should reflect approximately 40 hours of teaching, learning and assessment in and out of the classroom.

Conditions of Assessment related to this achievement standard can be found at <http://ncea.tki.org.nz/Resources-for-Internally-Assessed-Achievement-Standards>

**Resource requirements**

Access to the Internet and to relevant sources of information.

**Additional information**

To further support teacher and student understanding:

*Short and long-term impacts* will be dependent on the identified business. For example, short term for a stock truck company would be 1-5 years and long term would be 5-20+ years.

*Predicting impacts within the identified business* requires students to understand how the future proofing influences may affect the business, such as tighter environmental legislation will increase capital costs to satisfy new regulations. For example, water tight effluent ponds to prevent nitrate leaching, or fencing of waterways to stop animals getting into streams.

*Predicting impacts beyond the identified business* requires students to understand how the future proofing influences may have an affect outside of the business, such as tighter environmental legislation will see agricultural service industries face increased demand as farmers seek advice from experts like lawyers, scientists, insurers and contractors to make on-farm changes to practice. For example, insurers to seek policies that mitigate for accidental effluent leakages, lawyers to fight prosecutions if required or scientist to seek solutions to environmental issues.

The *consequences of these impacts* means to draw conclusions from the impact analysis, about future proofing influences on the long-term viability of the identified business. For example, the impacts of future proofing legal influence such as tighter environmental legislation are likely to have a favourable effect on long-term business viability, although short-term costs and product prices may rise, both of which result from adopting environmentally friendly practices.

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Student instructions

**Introduction**

This activity requires you to present a report that explains what future proofing influences means for Billy Gruff’s goat farm business and how they could affect the viability of this business.

The report should also thoroughly explain and evaluate the long and short-term impacts of future proofing influences that could affect the viability of the goat farm business, predicting impacts both within and beyond the business and the consequences of these impacts.

You are going to be assessed on how comprehensively you demonstrate your understanding of future proofing influences that affect business viability.

Teacher note: Insert due dates and timeframes

**Task**

Read the background information on Billy Gruff’s goat farm.

Based on the background information, and your own research, write a report individually that:

* Explains what is future proofing to Billy Gruff’s goat farm.
* Explains future proofing influences on Billy Gruff’s goat farm.
* Explains how future proofing influences could affect the viability of the goat farm business.
* Comprehensively explains and evaluates the short and long-term impact of future proofing influences that could affect the viability of Billy Gruff’s goat farm business.
* Predicts impacts both within and beyond the business and the consequences of these impacts to the viability of the goat farm business.

It is expected that your report will focus on more than just profitability.

You can present your report in a format of your own choice. For example, written paragraphs, an oral presentation, tables, graphs, videos and/or diagrams, which could form part of a poster, slideshow, a blog or website. This should be no longer than 2000 words.

**Background information – Billy Gruff**

Billy Gruff owns and manages a goat farm, which currently has a herd of 100 does. The business started as a hobby for Billy, whilst he worked in Auckland as a bridge engineer. At present, he is producing milk and is selling it to the market as fresh milk.

From the 1st of January 2018, raw milk must be cooled to 10ᵒC or below within four hours of the start of milking and be cooled to 6ᵒC within two hours of the completion of milking and within six hours of the start of milking. It must also be held at or below 6ᵒC until collection or the next milking, and additional milkings into the vat must not exceed 10ᵒC. Billy needs to ensure that he meets these required temperatures in the vat set by the Ministry for Primary Industries for health and safety of milk products.

Billy knows that his current business practices are not efficient and therefore the business as it is currently operating is not sustainable long term.

Billy has completed some research and he knows he can increase his herd size to 500 does given the amount of land he owns, without it becoming cost ineffective.

He has heard that the number of people who suffer from lactose intolerance is increasing and knows that these people are more likely to tolerate cheeses made from goats’ milk.

He knows that goat meat is a very popular meat to eat, especially with people who are from the Middle East and Southern Asian cultures. His farm is based not far out of Auckland and he has a friend who is a butcher who is willing to train in halal practices. He knows that Auckland has a large migrant population from the Middle East and Southern Asia.

**Assessment schedule: Agribusiness 91865 – Goats galore**

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| **Evidence/Judgements for Achievement** | **Evidence/Judgements for Achievement with Merit** | **Evidence/Judgements for Achievement with Excellence** |
| The student has demonstrated understanding of future proofing influences that affect business viability.  In their presentation, the student:   * explains future proofing influences * explains how future proofing influences could affect the viability of an identified business   **For example: (partial evidence)**  Billy needs to ensure that he is future proofing for a viable future. Future proofing means that Billy is aware of the influences that may affect his business, so that he is able to make informed decisions that will enhance and sustain goat milk production into the future.  The future proofing influences that affect Billy Gruff’s goat farm business are:  Economic – increase the efficiency of the property. This will enable the goat farm to be sustainable in the long term.  Cultural – new opportunities due to diversity of population of Auckland and more public awareness of goat products being suitable for people who are lactose intolerant.  Legal – Billy must comply with the legal requirements for goat milk and meat production set by the Ministry of Primary Industries.  These future proofing influences could affect the viability of the business in a number of ways.  Economic – the farm could increase the size of the milking herd or diversify to have a small milking herd as well as producing goat meat. This increase in size will mean that the farm will be more profitable to meet future market needs.  Cultural – By diversifying into goat meat, the farm could meet the growing diverse population of Auckland. It could also find a partner to turn goat milk into cheese to satisfy the growing number of consumers who want these products.  Legal - Retro-fitting milk cooling systems to meet the new requirements, which could cost anything from $5000-$7000. If Billy does not implement this legal requirement, the Ministry of Primary Industries will shut him down. If the farm moves into producing goat meat, Billy needs to meet the legal health requirements for butchering meat.  By understanding how influences affect the business, Billy ensures that he is able to sell his products to the local market, meaning he will be able to pay his current suppliers and continue operating and be financially viable.  *The examples above are indicative samples only.* | The student has demonstrated in-depth understanding of future proofing influences that affect business viability.  In their presentation, the student:   * thoroughly explains the short and long-term impact of future proofing influences that could affect the viability of an identified business   **For example: (partial evidence)**  In addition to the evidence for achieved:  By understanding the future proofing influences that impact on the business, Billy ensures that there is more cash flowing into the business and he will be able to pay their current suppliers and continue operating in the short term. However, it is important that Billy understands that his current operation is not cost efficient and whilst he is managing to remain in business in the short term, he cannot continue in this method in the long term and may have to shut down. By keeping the current milking herd, he is able to maintain his current commitments to his customers who are purchasing the milk. Billy needs to maintain this current income source in the short term, as he needs to be able to fund his day to day farming operations, such as paying his suppliers and he can use some of his surplus cash flow to fund the expansion of his business, and the purchase of the additional herd to raise as meat.  At the moment, Billy is dependent on the milk as the biggest contributor to his sales. By diversifying into meat production as well, he can minimise some of the risk long term to his business. His biggest risk that he needs to future proof are the new food safety regulations for the sale of milk. These changes are being driven by New Zealand's export markets to bring the country into line with the rest of the world. It would allow New Zealand to argue its standards are as good as those found in the European Union or Asia.  *The examples above are indicative samples only.* | The student has demonstrated comprehensive understanding of future proofing influences that affect business viability.  In their presentation, the student:   * evaluates the short and long term impacts of future proofing influences * predicts impacts both within and beyond the identified business and the consequences of these impacts   **For example: (partial evidence)**  In addition to the evidence for achieved and merit:  More cash flowing into the business and being able to pay their current suppliers means Billy will continue operating in the short term. This is deemed to be very important to Billy’s viability and therefore they would endeavour to ensure that this occurs. Billy is aware that he may need to diversify his farm to include a small milking herd as well as producing goat for the meat market, due to the changing cultural needs of the Auckland population. It is important that Billy understands that his current operation is not cost efficient and whilst he is managing to remain in business in the short term, he cannot continue in this method in the long term and may have to shut down.  Future proofing means that he is keeping ahead of the market, ensuring that Billy is offering products to the market, to meet market needs, thus ensuring Billy an income. He also needs to remain competitive to remain in the market, earning profit. Billy says that he knows his customers want other products from him, and he is going to try to broaden his product range and deliver on consumer needs.  If Billy increases his herd size, he will need to employ workers as it will be too big to continue as a hobby and the investment in the milking machine means it will need to be paid back quickly. Whilst this will increase the wage bill for Billy, it will be beneficial to the local community. More people employed is a good thing for the community as there will be more income in the local community and this will lead to an increase in spending and the national economy. Being in the city means that Billy will have better access to skilled workers, increasing his competitive edge and milk production.  By keeping the current milking herd, he is able to maintain his current commitments to his customers who are purchasing the milk. It is important that Billy maintains this current income source in the short term as he needs to be able to fund his day to day farming operations, such as paying his suppliers and he can use some of his surplus cash flow to fund the expansion of his business, the purchase of the additional herd to raise as meat. This would mean that Billy is even more efficient and production will increase, leading to higher returns both in yield and profit.  By not increasing his milking herd size, Billy will not have to purchase new milking plant, as his current plant will not cope with the milking of more than 100 goats. This is a large cost saving to him, as he would have had to borrow a substantial amount of money from the bank to purchase both the increase to the herd, the milking plant and new cooling system to meet the new regulations. This would have increased his interest costs and his risk.  By ensuring that Billy understands future proofing influences that may affect him ensures his business long-term viability.  *The examples above are indicative samples only.* |

Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the Achievement Standard.