

**Internal Assessment Resource**

Agribusiness Level 2

This resource supports assessment against Achievement Standard 91867

Standard title: Demonstrate understanding of a primary industry business structure that best meets the strategic needs of a business

Credits: 3

Resource title: It’s a New Zealand tradition!

**Resource reference:** Agribusiness 2.9B 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 1To 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 activity requires students to demonstrate comprehensive understanding of a primary industry business structure that best meets the strategic needs of a business.

New Zealand’s economy has been built on co-operatives as they have been the foundation of New Zealand agribusiness since 1871. However, many co-operatives are reviewing their business structures as they struggle to raise capital. Are co-operatives still relevant in New Zealand primary industries?

Before beginning this assessment, you will need to provide opportunities for the students to gain understanding of:

* The primary industry and a range of agribusinesses
* Business structures in Aotearoa/New Zealand
* Strategic needs of a business

You may want to consider a visiting speaker who works in the chosen business structure to ensure students gain a full understanding.

**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.

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 30 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**

Other possible contexts include:

* Southern Cross Medical Care Society <http://bit.ly/2v1qB57>
* <https://www.foodstuffs-si.co.nz/>

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

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Student instructions

**Introduction**

This assessment activity requires you to demonstrate understanding of a co-operative business structure that best meets the strategic needs of a fertiliser business.

You are going to be assessed on how comprehensively you demonstrate your understanding of a co-operative business structure that best meets the needs of this business.

Teacher note: Insert due dates and timeframes

**Task**

New Zealand’s economy has been built on co-operatives as they have been the foundation of New Zealand agribusiness since 1871. However, many co-operatives are reviewing their business structures as they struggle to raise capital. Are co-operatives still relevant in New Zealand primary industries?

The primary industry business for this assessment is Ballance Agri-Nutrients – a cooperative fertiliser business.

You will need to comprehensively explain how a co-operative business structure best meets the strategic needs of Ballance Agri-Nutrients, compare this structure with another business structure and evaluate the impact these structures have on the business. You may choose how to present this material, however, it should be no longer than 2000 words.

* Explain why Ballance Agri-Nutrients is a co-operative?
* What are the strategic needs of Ballance Agri-Nutrients?
* How does being a co-operative meet the strategic needs of Ballance Agri-Nutrients?
* Compare a co-operative with another business structure that Ballance Agri-Nutrients could have used.
* What impacts on Ballance Agri-Nutrients would each of these business structures have?
* Is a co-operative structure still relevant for Ballance Agri-Nutrients?
* Recommend and justify the most relevant business structure that meets the strategic needs of Ballance Agri-Nutrients.
* Evaluate the long and short-term implications of this selected business structure on Ballance Agri-Nutrients.

**Assessment schedule: Agribusiness 91867 - It’s a New Zealand tradition!**

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| **Evidence/Judgements for Achievement** | **Evidence/Judgements for Achievement with Merit** | **Evidence/Judgements for Achievement with Excellence** |
| The student demonstrates understanding of a primary industry business structure that best meets the strategic needs of a business.In their presentation, the student:* Explains why Ballance Agri-Nutrients is a co-operative
* Describes the strategic needs of Ballance Agri-Nutrients
* Explains how being a co-operative meets the strategic needs of Ballance Agri-Nutrients
* Compares a co-operative with another business structure that Ballance Agri-Nutrients could have used.
* Explains the impacts both these business structures would have on Ballance Agri-Nutrients.

**For example: (partial evidence)**Ballance Agri-Nutrients (Agri-Nutrients) is a New Zealand farmer-owned co-operative that helps farmers (shareholders) to farm more productively, profitably and sustainably. The co-operative structure is used as it is a user-owned (20,000 shareholders) and controlled business where benefits are derived and distributed equitably on the basis of use, (Shareholders receive a rebate/dividend). Prices for products such as fertiliser are charged to farmers and a year-end rebate/dividend is paid back to farmers once annual returns are finalised.The strategic needs of Ballance Agri-Nutrients are:* Shareholder value can be created through the execution of appropriate strategies (goods and services relating to fertilisers).
* Effective use of the co-operative’s resources in providing farmer satisfaction, and
* Helping farmers to farm more profitably and sustainably.

A co-operative business structure works for Ballance Agri-Nutrients as their strategic needs is not focussed on bigger profits (rebates) but on better and more diverse services. A co-operative is owned and democratically controlled by its shareholders. Farmers involved in Ballance Agri-Nutrients choose to work together to achieve business goals that may not be possible or as easily achieved through individual or separate effort. The shareholders contribute the prime capital for the business and share in the profits of the business in proportion to their participation (the greater the participation, the larger the proportion of profits).  Another option within the ownership structure is a limited liability company, which is a separate entity from its shareholders. The goal of a limited liability company is to make profits for its shareholders. This structure provides shareholders with limited liability from the business’s debts beyond the value of their shares in the company (this is what Limited or Ltd stands for in a company name). A limited liability company is very cheap to set up and maintain. It offers the benefits of limited liability protection with reasonable tax efficiencies and practicality. Impacts of Ballance Agri-Nutrients being a co-operative are:* Voluntary and open membership
* Democratic member control
* Equal economic participation by shareholders
* Autonomy and independence
* Continuing education, training and information
* Concern for the community.

Impacts of Ballance Agri-Nutrients becoming a Limited Liability Company are: * Shareholders are not personally liable for Ballance Agri-Nutrients’s business debts, decisions or actions taken.
* Profits are shared amongst the shareholders in the form of dividends.
* Shareholders might be motivated by the opportunity to earn dividends rather than earning rebates on purchases.

*The examples above are indicative samples only.* | The student demonstrates in-depth understanding of a primary industry business structure that best meets the strategic needs of a business.In their presentation, the student:* Has thoroughly explained the recommendations by justifying a business structure that best meets the strategic needs of the business.

**For example: (partial evidence)**In addition to the evidence for achieved:The co-operative business structure would best meet the strategic needs of Ballance Agri-Nutrients, due to: * Shareholder value can be created through the execution of appropriate strategies. As Ballance Agri-Nutrients is owned and controlled by its farmers, they work together to achieve business goals that may not be possible or as easily achieved through individual or separate effort.
* Effective use of the co-operatives resources in providing farmer satisfaction. Instead of focusing on bigger rebates, they are able to provide better and more diverse services to their shareholders. As the farmers contribute the prime capital for the business, their share in the profits of the business is in proportion to their participation.
* Helping farmers to farm more profitably and sustainably. As Ballance Agri-Nutrients is owned and controlled by its farmers, they work together to achieve business goals such as profitability – they return majority of profits to their shareholders; sustainability – their aim for zero harm to the environment; that may not be possible or as easily achieved through individual or separate effort.

*The examples above are indicative samples only.* | The student demonstrates comprehensive understanding of a primary industry business structure that best meets the strategic needs of a business.In their presentation, the student:* Evaluates the long and short-term implications of this selected business structure on Ballance Agri-Nutrients.

**For example: (partial evidence)**In addition to the evidence for achieved and merit:The co-operative business structure would be the most relevant for Ballance Agri-Nutrients, as they are able to carry out their strategic needs.The limited liability company would not be as relevant for Ballance Agri-Nutrients, even though they are able to carry out some of their strategic needs. The main purpose for a limited liability company is to make as much profit as possible. This is in contradiction to Ballance Agri-Nutrients’ strategic goals of: * Shareholder value can be created through the execution of appropriate strategies. Limited liability companies do not focus on providing better and more diverse services to their shareholders, such as education and extension programmes, unless it generates a profitable income.
* Effective use of the co-operative’s resources in providing farmer satisfaction. A limited liability company would not be as collaborative with the farming community, would not support the farmers at the grassroots level, nor would they give farmers access to information and resources in a flexible and responsive way.
* Helping farmers to farm more profitably and sustainably. In general, a limited liability company would not be interested in what their consumers are doing with the products that they sell. However, Ballance Agri-Nutrients wants to ensure that the farmers are running their farms as profitably and sustainably as they can. They ensure this by providing extension and technical staff to help with on-farm advice.

The long and short term implications of utilising a co-operative business structure on Ballance Agri-Nutrients are:Short term:* Can reflect the shareholder base by having clear goals and aspirations.
* Non-financial goals such as environmental, sustainability, social e.g. health and safety; can be prioritised over financial goals.
* Ensures that the benefits of economic activity flow back in to the community.
* Can improve farmer’s position in the market place and farm gate returns.

Long term:* Funding expansion or shifting from commodity to value added products is expensive and finding the cash can be difficult.
* Looking at options to fund growth is required so that they have minimal impact on the shareholders.
* Needs to perform well to warrant the investment from its shareholders and to keep the business competitive.
* Allows farmers to own and control more of the supply chain which gives them more bargaining power when it comes to negotiating with buyers of inputs.
* It is better for the farmers, better for the local community and better for the people who work and live there.

*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.