

External assessment 2023

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**Stimulus book**

# **Business**

## **General instruction**

- Work in this book will not be marked.

# Case study 1 (Stimulus 1–11)

## Stimulus 1

Phone conversation between a real estate agent and The Hotel Company's general manager

### Real estate agent

An oyster farm in your area has just come onto the market. It is definitely worth an inspection as the owners are desperate to sell. The business hasn't been performing well for some time and is in need of repairs.

### General manager

Thanks for letting me know. Can you send me some information?

## **Real estate agent**

Yes, I'll send you the link to the ad. It's called The Oyster Farm Company. Here are the key points:

Huge opportunity to buy a wholesale oyster farming business in South East Queensland.

It is a renovator's delight and has enormous potential!

The sale includes:

- 9 licensed aquaculture areas for farming oysters
- 17 hectares comprising an operations base, marine lease, land and infrastructure
- well-established business operating for over 50 years.

## Stimulus 2

Excerpt from The Hotel Company's five-year strategic plan

<b>Market share</b>	Increase market share by 5% within next five years to be competitive in the tourism industry.
<b>Tourism</b>	Become a destination point of interest for both domestic and international tourists.
<b>Operations</b>	Adopt operational efficiencies to ensure optimal business performance.

<b>Diversification</b>	Diversify the business portfolio to remain competitive.
<b>Sustainability</b>	Prioritise sustainable business operations.

## Stimulus 3

Emails between The Hotel Company's general manager and finance manager



### Potential purchase of an oyster farm



**To** Finance manager

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**Subject** Potential purchase of an oyster farm

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Good morning

The Oyster Farm Company adjacent to our hotel is now on the market for \$100 000 and I have reviewed the initial information supplied by the seller. It is clear sales in this business have been steadily declining over the past few years.

Our hotel's guest numbers and revenue have been lower than usual. After a very unsteady few years, I am hopeful that guests will start to return to our hotel. This might be a great opportunity to increase guest numbers by attracting different customers seeking a unique aquaculture experience.

Can you please review the information and provide your advice?

Thank you  
General manager

**Stimulus continues on the next page**



**RE: Potential purchase  
of an oyster farm**



**To** General manager

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**Subject** RE: Potential purchase  
of an oyster farm

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Good afternoon

Thank you for your email regarding your interest in purchasing The Oyster Farm Company. I understand your goal in purchasing this farm would be to diversify our business portfolio and have sustainable financial viability. I have reviewed the information supplied and believe the key points are:

- revenue has declined steadily for three years



- revenue generated from September to February is highest as this is the peak oyster production time
- local wholesale customers have reduced over the last three years. I note that some of these wholesale customers have closed due to a lack of tourists in the area
- operating costs of the business are comparable (\$30 000 per annum) to an oyster farm in another state.

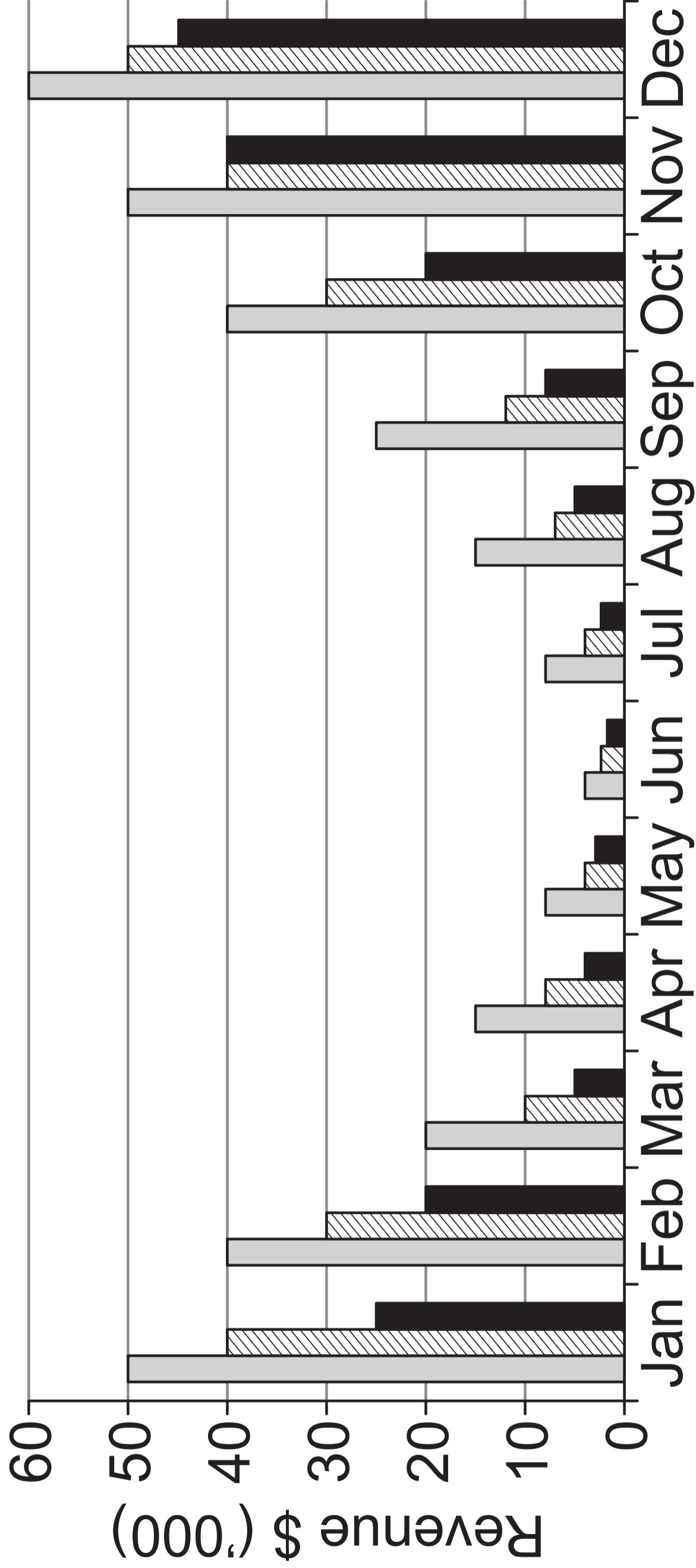
While we have sufficient funds to make the purchase, my advice is that you negotiate the sale price.

Regards

Finance manager

# Stimulus 4

## Wholesale revenue for The Oyster Farm Company



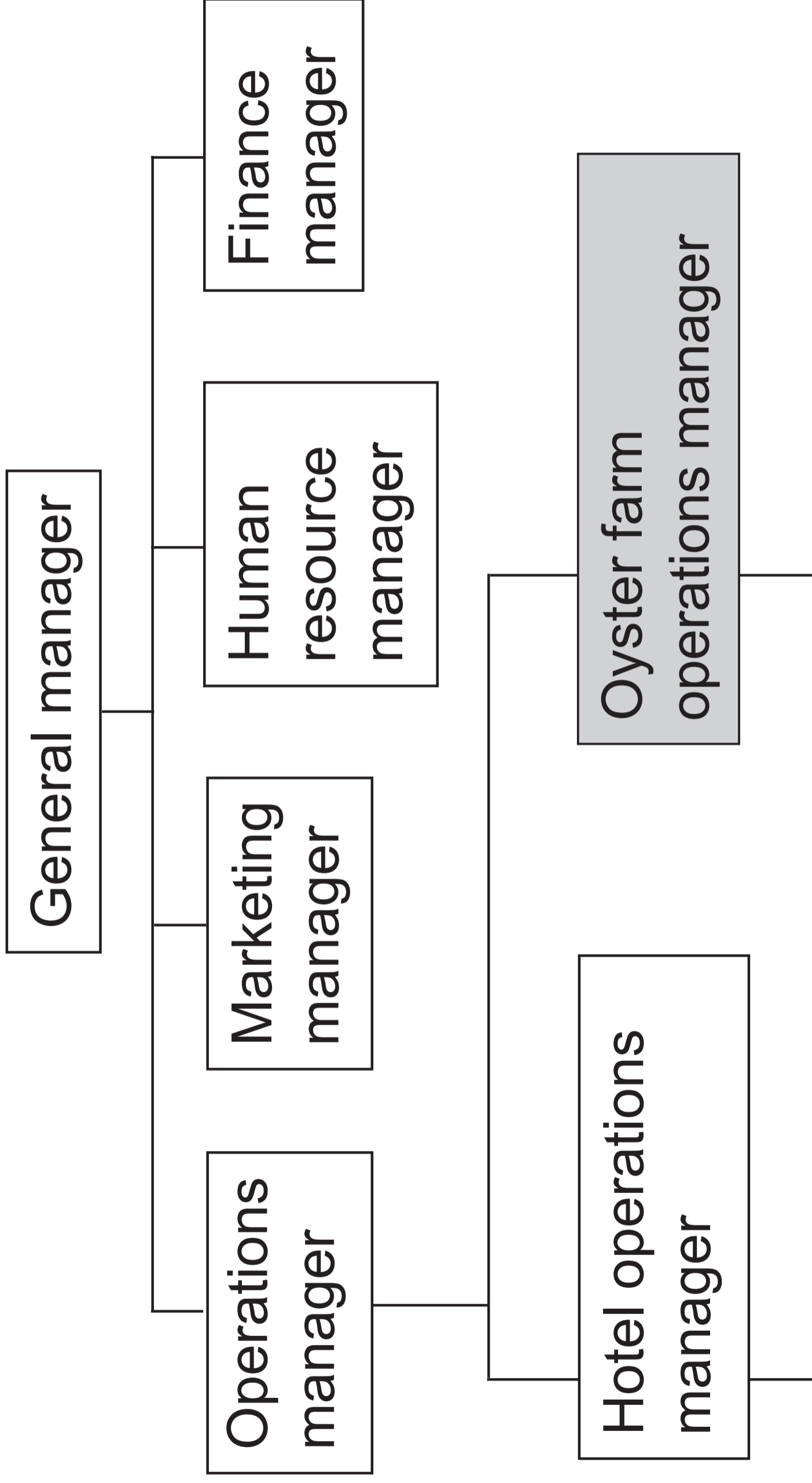
**Key** ■ 2020 ■ 2021 ■ 2022

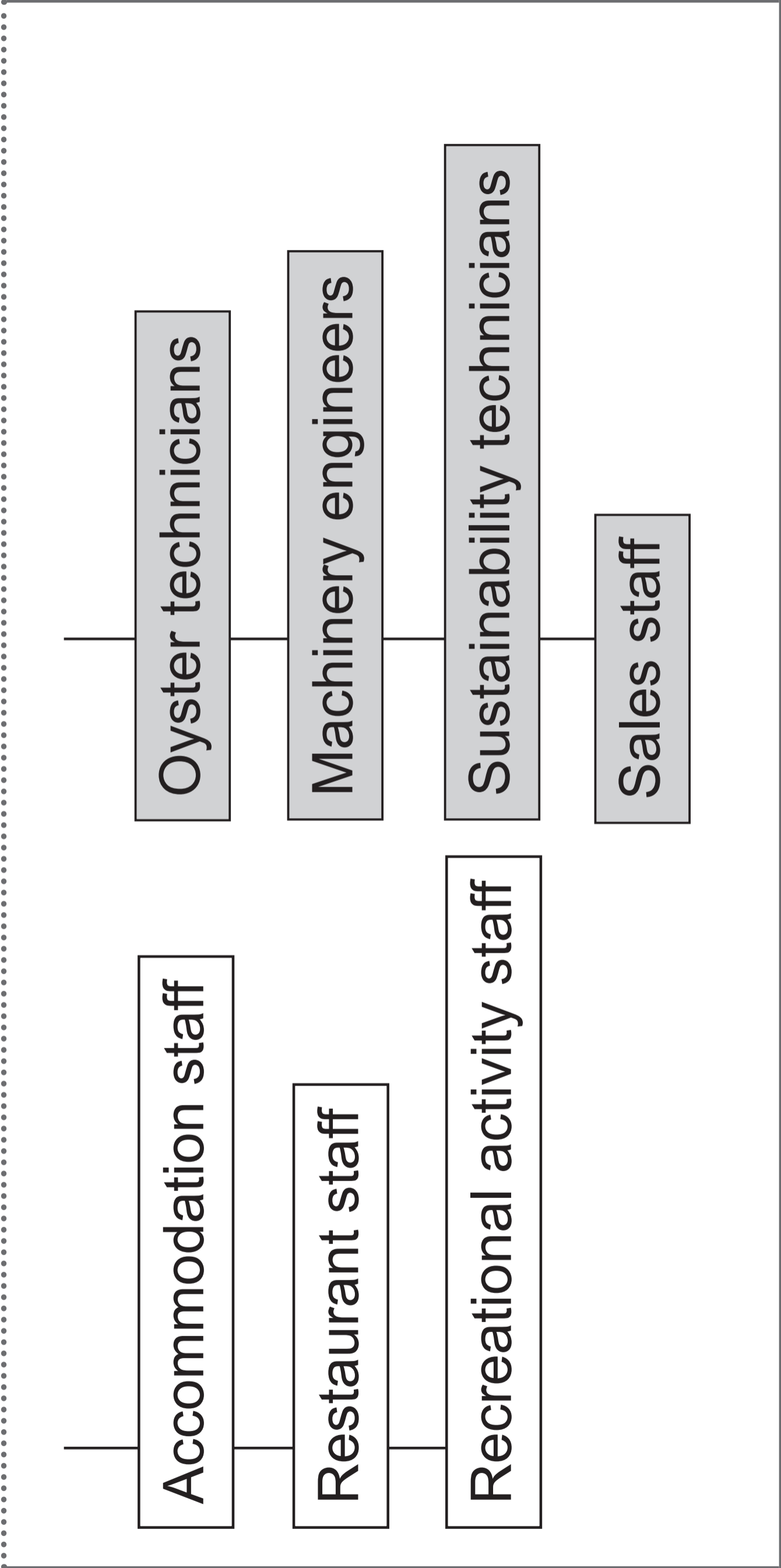
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## Stimulus 5

Revised organisational chart for The Hotel Company incorporating The Oyster Farm Company

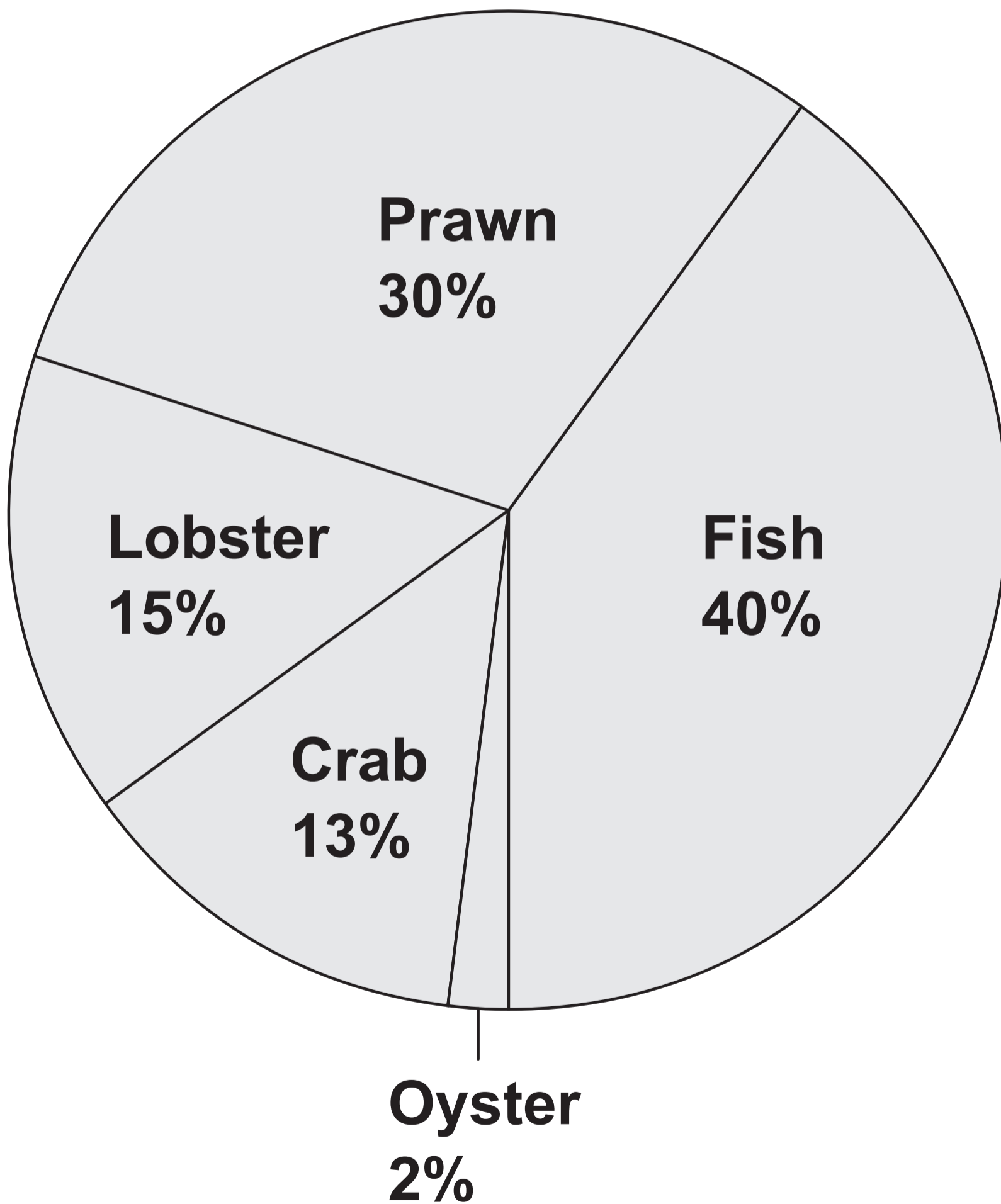




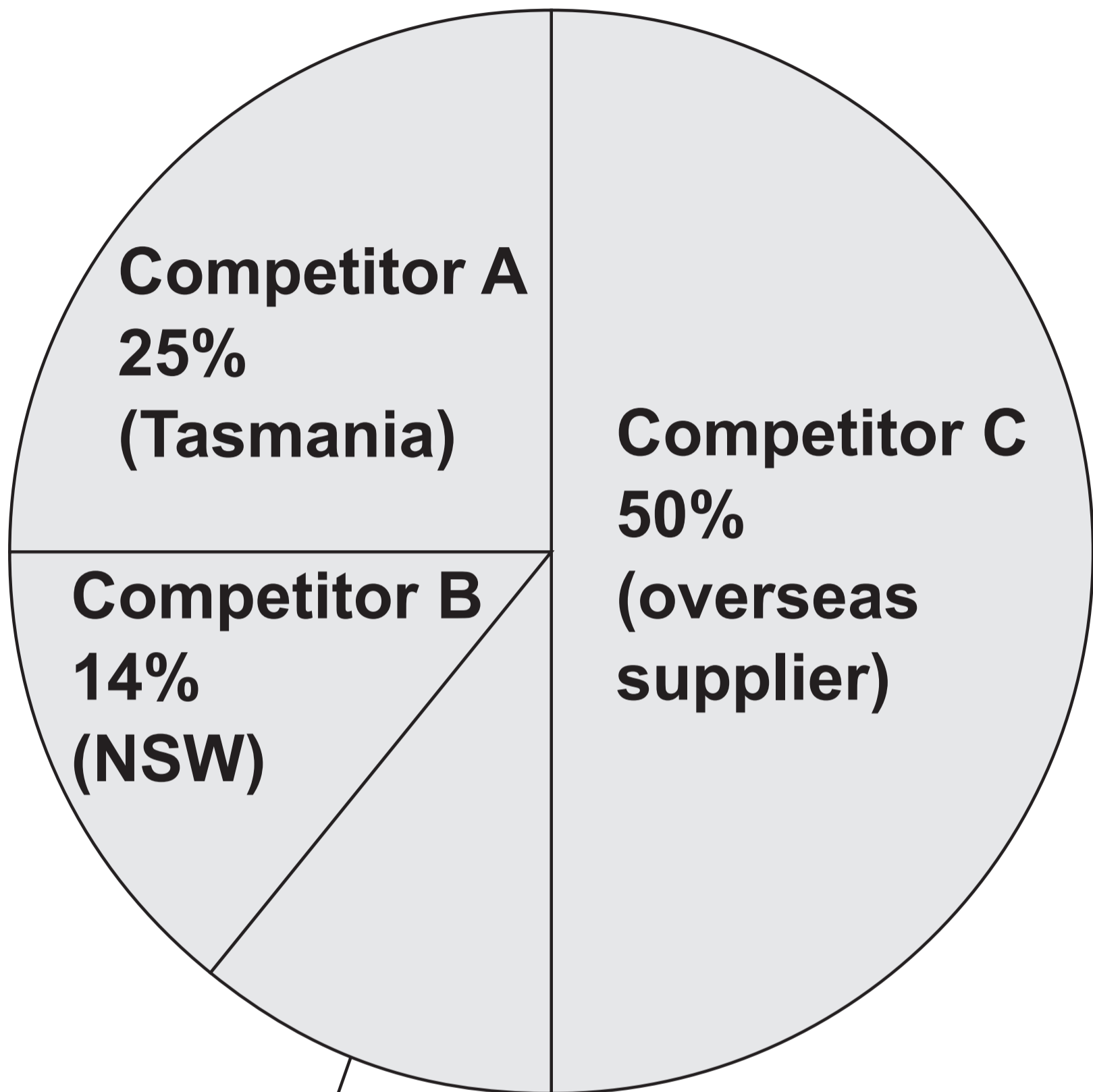
## Stimulus 6

Data regarding seafood markets in Australia

Seafood markets



## Breakdown of oyster market share



**The Oyster Farm Company**  
**11% (Queensland)**

## **Stimulus 7**

Newspaper article about Australia's seafood market

# **The tide is rising on seafood**

Retail consumers' demand for Australian seafood has risen 36% over the past five years due to international supply chain difficulties and inflated shipping costs. This is combined with more Australians preferring to buy Australian-grown products. Retail consumers are also prioritising gourmet seafood and premium dining experiences that incorporate education and sustainability. Businesses have adapted operations to appeal to farm



gate tourists, allowing the public to buy seafood direct from trawlers or seafood farms.

One of the fastest growing and most profitable seafood items today is the oyster. Oysters are a type of seafood found in many of the world's oceans and usually take 24 to 30 months to be ready to harvest. Oysters are so versatile they can be eaten raw from the shell or cooked, and have become one of the most popular menu items in restaurants. Suppliers in Queensland are struggling to meet the increasing demand for oysters. Perhaps the tide (and profit) is rising for this delicious shellfish. ■

## Stimulus 8

The Hotel Company's general manager notified all staff of the possible purchase and asked for feedback. A summary of staff questions and suggestions was compiled

Could the oyster farm business expand its operations into an overseas market?

Could we sell the oysters to both retail and wholesale markets?

Open a farm gate where customers buy directly from our oyster farm.

Do we now need to upgrade the equipment in the hotel and the oyster farm?

Will we be using the oysters in our hotel restaurant?

How do we make sure our oysters are always fresh?

Start up an oyster cooking school in our restaurant using oysters from our oyster farm.

Is the upgrade to eco-friendly machinery affordable?

Do staff need to know how to work in the hotel and the oyster farm?

## Stimulus 9

Queensland tourism industry report



**Five years ago**

**1 in 11**

**Queensland**

**jobs was**

**tourism-based**

**After a significant**

**decrease since**

**then, tourism jobs**

**in Queensland**

**are climbing**



**96%**

**of tourist farms**

**and restaurants**

**have welcomed**

**new customers**

**in the past year**

**79%**

**of domestic**

**tourism businesses**

**have experienced**

**an increase in**

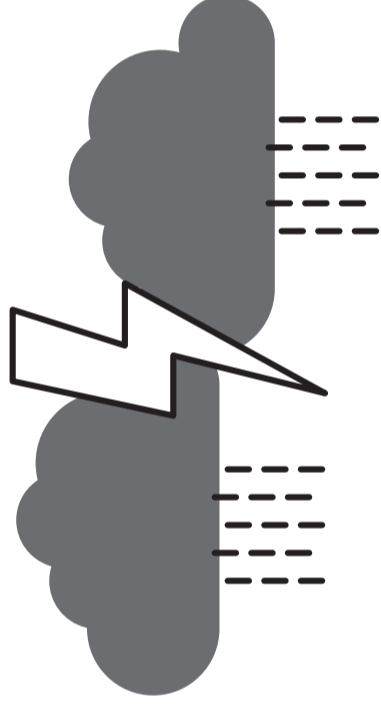
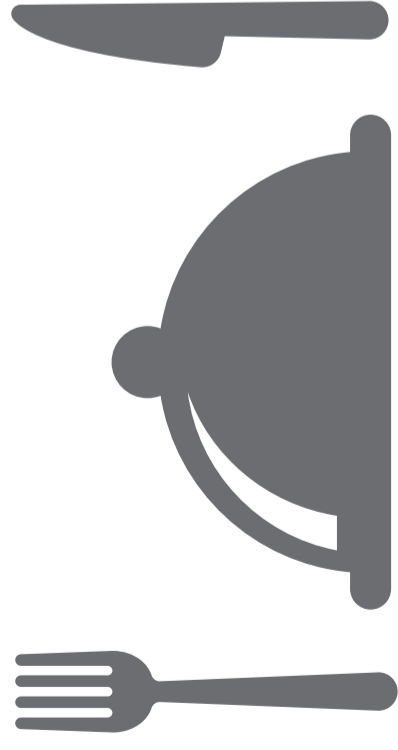
**customers in the**

**past two years**



# 250%

of international  
tourists identify  
Queensland's  
gourmet produce  
and dining  
as a highlight  
of their visit



Severe weather  
events have cost

# \$2.3 billion

in lost income and  
damage to  
Queensland  
tourism businesses

# 20%

increase in  
investment  
to revitalise  
tourism  
business  
operations

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## Stimulus 10

Magazine articles on business innovations

# The way of the **FUTURE**

**It is time to change our way of thinking. A business model could include more than one focus and expand its operations to include a product and a service.**

This has been the case recently when a local dairy business decided to open its doors to allow people to experience life on a working dairy farm. The business has built self-contained cottages on the farm to accommodate guests. They are then involved in the day-to-day running of the business, including milking the cows at 4 am. The idea has proven so successful that the business is taking bookings 12 months in advance.

# Don't be shellfish!

**Reducing waste  
a key feature of  
modern restaurants**



Coffee grounds are turned into fertiliser and cosmetics, plastic lids are transformed into park benches and prosthetic limbs. Now shellfish are being used to regenerate endangered reefs.

Coral reefs are underwater structures that provide protection for marine plants and animals. Although crucial to our tropical ecosystem and tourism industry, Australia's coral reefs are vulnerable to damage from extreme weather



events, climate change and human pollution. Because of this, coral reefs are often rebuilt from materials other than coral in order to regrow and stabilise damaged environments. Queensland scientists have found discarded oyster shells can be used to create 'oyster shell reefs', restoring structures for marine plants and animals. The most recent trials have been impressive, with a notable increase in fish populations within oyster shell reefs.

## Stimulus 11

Excerpt from transcript of interview on local radio in regional Queensland

*Q: So, you're a second-generation oyster farmer. What are some of the biggest challenges you experience working in the industry?*

A: One of the most difficult parts is that the laws and regulations around aquaculture change regularly with little or no notice. It then takes a long time to process and approve any new licences. And the fines if we make any mistakes are huge.


Otherwise, environmental protection agencies are always reviewing what we do, not to mention the pressure we receive from different lobby groups. There's also increasing competition from overseas farms and increasing operational costs in aquaculture.

*Q: Does oyster farming have significant environmental impacts?*

A: Well, any form of marine farming can negatively impact natural ecosystems, but this greatly depends on the species, location and size of the operation. In terms of oyster farming, during the early stages of its life cycle, an oyster spat or larva can take away nutrients from other marine species.

*Q: What is the most rewarding aspect of being an oyster farmer?*

A: It's a passive income. The oysters don't need a lot of tending to. It can also be very profitable if the farm is big enough to sell in large quantities. And it's pretty stable in terms of environmental fluctuations; all the extreme weather events we've experienced in Queensland haven't impacted the production rate of oysters.

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