

CHARGING FOR GOVERNMENT SERVICES TO **AGRICULTURE**

"THE WAY AHEAD"

AVA CONFERENCE ADELAIDE – MAY, 1982

Government has traditionally provided regulatory, research and extension services to the agricultural sector. This has been largely justified on the basis of agriculture's importance in the economy particularly with respect to export earnings. Substantial support for research in this sector has been provided particularly in areas where individual firms are unable to appropriate benefits from R & D investment and where there would otherwise be a significant under-investment in R & D to the detriment of the community as a whole. Isolation, poor communication and generally lower educational standards of farm operators has been the primary justification for the provision of government extension services.

In recent years, there have been some important developments in the Australian economy and in the agricultural sector.

Agriculture does not now occupy such a significant position in the economy. The general level of farmer education and management awareness has- appreciably risen. There have been significant advances in communication with an enormous potential growth area in communication, technology, and there has been an increasing awareness by rural industries of the need to become -more directly and positively involved in their affairs.

These changed circumstances indicate the need for a review of the extent of government involvement and funding in the provision of agricultural services.

It is worthwhile also making a few points about the current general scene particularly relevant to the issue under consideration:

- 1) reduced economic activity both internationally and locally.
- 2) severe strains on taxation capacity of governments and the tolerance of "John Citizen".

- 3) fierce competition for the resources of governments by the various sectors of government activity –
 - health
 - welfare
 - educationvs. agriculture
- 4) conflict about the role of public and private sectors, and the proper balance between these sectors.
- 5) disagreement on the level of government intervention and the extent to which market forces should be allowed to allocate resources.
- 6) considerable influence on governments of "pressure" groups and lobbyists representing minority groups and vested interests.

Regulation in agriculture covers two main areas –

- 1) resource protection and quality standards, and
- 2) marketing.

The general justification of regulation in area (1) has been that of community benefit.

Generally, there is a strong move towards less regulation and for individual industries to pick up more of the cost of such necessary regulation. To some extent, with improved educational and management standards, greater and more active consumer organisations, stronger and better served farm organisations, less regulation could be acceptable. The management approach vs. the policing approach. Thus greater regulation by industry itself should be possible either by providing necessary regulatory services through some independent organisation or support funding to a government service.

With regards to research, there has been substantial and increasing support being provided by industries. The recent IAC Inquiry recommended maintaining the same level of government input in real terms; however, there is evidence that it is reducing. There are opportunities for providing incentives and greater opportunities

for private industries to increase level of R & D, eg. PVR. Substantial technology imported by commercial firms previously hence relating low R & D in Australia. In many cases, companies in Australia were appendages of much larger multinationals - with only minor adaptive R & D being undertaken in Australia.

Extension including the provision of professional field laboratory services is a very interesting area. With the increase in educational levels, extraordinary improvements realised and potential in communication technology, the isolation etc. not the issue it was previously. Concentration by government agencies will be on the provision of very comprehensive agricultural information services for farm managers, agribusinesses, farm organisations etc. In fact, the community as a whole. This will influence the method of delivery of services at the field level. The extent of financial support to be provided by government will become a very real issue. It could be argued that we should be aiming for a manager who has access through computers and phone linkups to a wide range of information and management decision making aids. He will also be mobile and aware of community services. He will keep abreast of research and extension information. If he needs individual services he will be prepared to pay for them. After all, this is for individual benefit. He will be charged for access to data base information in the normal way. He will pay for any tests, soil, plant, animal, etc. either directly or via a private consultant. The level of fee set will depend on the assessed public vs. private benefit.

The role of government in extension may move towards -

- research including regional and adaptive (developmental) research, and maintenance of specialist expertise.
- provision of specialist services.

May be charged for - (although possible these services could be set up privately), eg. plant, animal health services and soil testing and associated advice, computer management decision packages.

- development and maintenance of Agricultural Information.

Data Bases - access charged for.

- Special extension programs aimed at regional/district problems, involving

structural adjustment requirements in particular.

'The balance between public and private sector will change over times, either way, depending on the availability of resources to governments, the philosophies of the respective governments, and the length of time in power.

There is obviously a need for a complementary relationship between both sectors, and close co-operation and understanding in supporting the essential and unarguable functions of each respective sector.