

**TALK TO THE AUSTRALIAN ASSOCIATION OF AGRICULTURAL
CONSULTANTS, FEBRUARY 1983**

In addressing this topic, I intend to look at the broad characteristics of today's public sector, particularly in relation to agriculture, my perception of the present state of the consulting industry in Australia, and endeavour to draw conclusions from the way both are moving. I will try to guess at some of the issues which may arise in the future and, where these are more clearly known, perhaps outline the future environment as I see it.

The biggest single factor affecting the public sector's approach to issues today is the general restraint on public sector spending. I suspect this will continue to be felt for the foreseeable future. An ever increasing array of public services are very demanded. Concurrently the limits on the availability of public funds have become increasingly obvious in today's world and national economic circumstances. This leaves most public sector agencies in a situation of having little flexibility and being under some considerable pressure to obtain the necessary resources to carry out their existing functions.

This has had a few beneficial effects. For example, public sector bodies throughout Australia have necessarily become much more able to identify the actual costs of the services they provide. Not only do they now tend to look at "above the line" accounting items but they are increasingly able to look at all costs involved in providing a service. This in turn has led them to adopting a more commercial outlook. When asked for the cost of providing some service or facility, they are generally much better able to identify all the components of that cost than they were, say, 10 years ago. To some extent it is encouraging a hard look at the boundary between the public and private sectors.

In agriculture the public sector is the main reservoir of specialist expertise in Australia. Consultants by comparison are more commonly and necessarily agricultural generalists.

Today's consultancy industry has developed enormously from its beginnings a few

years ago; it is moving rapidly towards the status of a mature industry as several firms open branch offices and the industry becomes more entrepreneurial in its outlook. It is attracting younger members and provides a reasonable and balanced career structure for people. It is still, as I mentioned before, largely composed of very competent people who are generalists rather than, specialists in the agricultural arena. The public sector agencies have the capacity to maintain the bulk of the specialist resources.

The private consulting industry seems to have effected a balance between international and domestic issues although this will clearly be an area of continuing adjustment. Our international competitiveness - which in turn depends on factors such as exchange rates and the capacity of international competitors to arrange financial packages - and the profitability and availability of domestic work - which depends on factors such as the willingness and ability of clients to pay - will influence the relationship.

In the international arena we are now seeing good examples of co-operation between the public and private sectors. For example, the combination of characteristics of commercial acumen and co-ordination ability from the private sector, together with the resources and name of a public sector body can make a potent force in international competition.

However, unlike the climate of say a decade ago, the public sector body is unlikely to be a "passive resource" and be happy to provide resources purely on a cost recovery basis. Rather the public body is likely to want to participate on a commercial basis.

Turning to the domestic scene again, we recognise that government agencies are primarily involved in three functional areas – regulation, research and extension.

Regulation activities centre around the protection of resources and the area of marketing. There is a need for the costs of such regulation to reflect the private and the public benefits of such regulation. Generally there is a strong move towards less regulation and for individual industries to pick up more of the cost of such necessary regulation or even self-regulation. To some extent, with improved educational and management standards, greater and more active consumer organisations, less

regulation should be possible. 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, e.g. PVR. Substantial technology is 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 field advisory services is a very interesting area. With the increase in, educational levels and developments in communication technology, this is 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. 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. Will be charged for by government agencies- (although it is possible that these services could be set up privately), e.g. plant,

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 time, either way, depending on the availability of resources to governments, the philosophies of the respective governments, and the length of time in power of any particular government.

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.

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