

Public and Private Extension

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Biography

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During the 1990's Gordon Stone worked as an agribusiness consultant with a range of groups comprising leading producers around Australia in an R&D technology transfer and technology adoption role. He noted that these producers increasingly sought information and advice from a range of agribusiness personnel in contrast to their previous reliance on government R&D and extension staff.

He noted less awareness than expected about this transition amongst R&D funders such as the Rural Research and Development Corporations (RDCs). Gordon proposed to the Cooperative Venture for Capacity Building (CV) that a baseline study be undertaken to better understand this phenomena.

His current consultancy work encompasses a second project for the CV to further investigate methods of more formal connection between the RDCs and agribusiness. He is currently undertaking more focussed work on this issue for several individual RDCs. It is noted that findings from these projects are used in this paper, although the results are yet to be published. Gordon also takes a business building and business strategic development role with individual agribusiness clients.

He is a Director of the stakeholder engagement, market research and evaluation consultancy QualDATA.

Abstract

The agribusiness sector – which is defined for this paper as those agri-businesses generating incomes from the sale of information and advisory products and services – is emerging as the key extension, training and capacity building provider for farmers across all rural sectors. Agribusiness acts as the major information conduit, information consolidator and adviser to farmers – and quite often as the catalyst for change.

Factors in this structural change are:

1. Government withdrawal from face to face delivery of advisory services directed to farmers
2. Government concentration on group based information delivery and research and development (R&D) programs
3. Increased farmer caution about the credibility of government R&D and extension services due to 'loss of touch'
4. Emergence of Research and Development Corporation and Cooperative Research Centre models providing targeted funding for R&D; and
5. Leading farmers (particularly 'the top 20%') increasingly turning to agribusiness personnel as their only conduit to access information / R&D outputs, to synthesise that information and provide advice on appropriate management.

Agribusiness recognises the segmentation of their client based on industry sectors, farmer decision-making criteria, geographical issue and ability to pay. Agribusiness themselves are specialising to meet those niche requirements, based on free market forces and focus on the

profitability of varied client segments. The level of ‘servicing’ of clients is determined by their profitability to agribusinesses.

For those reasons agribusiness is selective about the form and quantity of information it seeks, synthesises and delivers to its varied, targeted client groups. This has implications for R&D providers who are largely unaware of this phenomenon and are using outdated methods of information delivery in a significantly changed ‘information and advisory marketplace’. It also has implication at a government policy levels when seeking to build capacity amongst farmers. The future requires greater collaboration between government and agribusiness and is based on a ‘meeting of divergent cultures’. Market forces dictate that agribusiness will change to meet emerging industry needs – the question is will government and R&D agencies?

Public and Private Extension Introduction

The agribusiness sector has a crucial role to play in informing and building capacity of farmers/producers/growers (farmers) in Australia. The role of government extension services has now largely been taken by the private sector and agribusiness is emerging as the key extension, training and capacity building provider for farmers.

Today’s agribusiness includes consultants, trainers, accountants, associations, reinvented producer organisations, farmer-directed groups, resellers and their product suppliers, privatised or semi government organisations, banks, advisers on insurance and superannuation, marketers, and seed companies. All these people and organisations work to support farmer decision-making in exchange for money, either directly as a fee for service or indirectly through costs of service being built into the supply of products or services.

For the purposes of this chapter, Agribusiness is defined as

‘an organisation that generates income from the sale of a product or service – and this definition now applies to a wide range of individuals and organisations who aim to take part in the extension and capacity building role vacated by governments. Increasingly agribusiness is undertaking R&D work – and acting as the major information conduit, information consolidator and adviser to farmers’. (Stone, 2006).

Historical Overview of the Role of Agribusiness in Extension

In the early 1990’s state government departments responsible for the management of primary industry / agriculture and natural resource management (soils, water, biodiversity, catchments and landcare, etc. – NRM) were the primary agencies for conducting both rural research and development (R&D) and extension (E). At this time the extension role of state agencies was to synthesise R&D findings into advice that their Extension Officers could use to advise farmers directly. In turn the Extension Officers were able to provide feedback from farmers into the R&D work thereby ensuring a practical, relevant outcome to the users (who were also generally levy payers).

During the 1990’s a deliberate Australia-wide policy emerged for state government departments and government agencies (state agencies) to withdraw from one on one (officer to landholder / primary producer – 1:1) information delivery and advisory services. Previously state agencies had been seen as the key source of technical and research information. The prevailing rationale was that this was more properly the role of private information and advice providers – rather than government. Government then focussed more on delivery to groups of farmers than on 1:1 delivery.

Also during the 1990’s, a strong landcare and catchment management emerged. This was a system centred, group based method of information delivery focussed mostly on NRM issues. Over time they gained increased access to funds – including the Natural Heritage Trust grants program. At this time a range of organisations including the Rural Research and Development Corporations (RDCs), funded by a mix of farmer levies and taxpayer funds and Cooperative Research Centres (CRCs), funded by taxpayer and partner funds, also emerged. This provided a pool of funds for landcare, catchment management, producer groups, marketing groups and the like to access funds from external sources. However it appears that generally agribusiness did not access these funds at that time.

During this time farmers, particularly the leading farmers, increasingly saw agribusiness in general as an emerging form of technical competence – through their 1:1 advisory services and R&D activities. Many private consultants and national reseller company advisers from corporate entities were already accessing information from the wider agribusiness sector and from government researchers – then channelling it through to farmer clients. While government agencies were still carrying out most research – as it remains today – agribusiness was also able to access data from product developers and suppliers. Their technical expertise was grounded in the need to ensure their products worked effectively for farmers. Many agribusinesses also conducted field trials and supplier organisations undertook their own product development R&D.

By the late 1990's this transition of state agencies into group liaison agencies and undertakers of R&D was largely complete. The emerging gap in the delivery of R&D results / findings / outputs to farmers was becoming apparent. During the late 1990's agribusiness was responding at varied rates to these changes – and to taking advantage of these niches, particularly in how to generate an income from the delivery of R&D outputs. Some former government extension staff moved into roles of private consultant advisers or were employed by national agribusiness companies.

The current position is that state agencies and CSIRO / CRC type organisations principally undertake research and development work, particularly the highly technical work. National and international product supply companies still undertake 'blue sky' R&D though, as the margins on the resultant products are reduced, there is pressure to reduce this (costly) work and associated product information delivery to agribusiness advisers.

Some agribusiness advisers undertake localised trial work – for farmer clients or national or international company clients – which can yield useful practical and localised R&D results or management practices. A range of farmer directed groups also undertake localised trial work and other information delivery roles – generally through access to external funding.

Agribusiness advisers – both agronomists and business management advisers – have become the primary source of technical information to farmers – and this is validated by market research undertaken by a range of the RDCs (commercial in confidence data known to the author). This information is provided in its raw data form, some is in synthesised form and most is provided via interpretation through on farm advisory services – which generally occur 1:1 or in small client group settings.

Agribusiness Role in Extension

Stone (2005) reports that the role of agribusiness in capacity building and extension has been largely unaddressed at a policy and structural level in terms of professional, industry-wide thinking about activities, implications and future development and management.

However Stone's current work (unpublished) is focusing on how to inform this thinking and establish forms of engagement that will create a win:win:win – for farmers (clients), agribusiness (the conduit for information) and R&D organisations (funders and researchers). It will facilitate government policy imperatives through direct information and advice delivery to a range of farmers – though based on a payment of some sort.

A range of observations provide insights into this issue:

- Private Adviser Consultants (who charge a fee for service – FFS) are generally thought to provide honest broker advice and information – and have a role in synthesis of information. Their focus is often on the most business like farmers who can afford to pay FFS. However some farmers express concern that these Consultants may have limited resources for professional development to allow them remain up to date with contemporary thinking
- National reseller company agronomist advisers are sometimes thought to have conflicts of interest due to the need to recoup their advisory role costs via product or service sales as an off-set. However they do have the widest staff and office networks, eg. one major national reseller has over 400 regional offices and in excess of 200 agronomists. On the other hand it is acknowledged that these organisations often have the personnel and financial resources to provide strong training activities and a network of

contemporaries. These companies are currently moving towards greater FFS to address these issues and provide clear market based payments systems

- A strong factor in the provision of on-farm advisory services is the development of personal 1:1 farmer:adviser relationships
- The packhouse model of grower directed agribusiness is emerging as a significant capacity building process in horticulture
- While the Government role generally declines in credibility and use, individual staff still retain high credibility and remain a strong information conduit
- Agribusiness has a role as a catalyst for change in a range of information delivery methods. A particular role is regarding electronic communication and Internet-based information delivery processes. This illustrates the little considered role of agribusiness as contributing to capacity building in the rural sector
- Reseller specialist advisers and consultants can be considered part of the process of cross-fertilisation of ideas from industry to industry.
- Industry training is a key means of informing producers about issues but it has yet to reach its potential and is in danger of failing and robbing traditional producers of a useful low level source of information if government subsidies are withdrawn. Well-targeted industry training is an important means of agribusiness professional development though much of it to-date is not well targeted.
- There is general consistency in the use of agribusiness across both the broadacre industries and the more intensive industries. However there is strong adviser use in the grains and the cotton industries as well as in the dairy industry. In the more intensive industries strong adviser-farmer relationships are the norm, with the exception of horticulture.

Agribusiness can now be considered as the major extension provider – rather than government personnel. However this creates a gap in providing practical input and feedback back into research work. It is clear that there is a dis-connect in this process. As a consequence, many farmers/producers see that government R&D activities are *'out of touch with farmer needs (the ultimate end users) as there is no 'personal connection' or indirect connection between farmer and researcher'*. (Stone, 2005).

A further series of issues inform insights into the role of agribusiness:

- Agribusinesses take a very segmented approach to their client base, to the extent of recognising that larger corporate entities have to be approached using one strategy while smaller and multi-enterprise farms may have to be approached using other strategies. Many agribusinesses are looking to 'fire their unprofitable and frustrating clients (who are slow-adopters)'
- The connection between RDCs and agribusiness is currently quite weak. This can be regarded as a discontinuity between the front line advisers and the funders of the development of new technology.
- The management of the Intellectual Property and Commercial in Confidence value of information has implications for market/company aggregation and closed-loop marketing potential when knowledge management is a key issue of negotiation. This is similar to the loss of knowledge that can occur when R&D outputs are only reported in journals that require purchase or have restricted distribution.
- This focuses attention on a bigger issue – the concept of 'doing research for research sake or for technical purposes' rather than focusing on the outcome for the farmer. Agribusiness has canvassed the R&D process and concluded that, if the primary beneficiary is the farmer – and if agribusiness is to be the conduit – then the discipline that has to be imposed on this process revolves around delivering R&D outputs that meet these criteria – 'three take home messages (that reveal what's in it for me)' and 'four ways to apply the results (on my farm in my region)'

- The management of the Intellectual Property and Commercial in Confidence fits with the desire of farmers to assure themselves of access to 'honest broker supplied information'.
- Successful farmers are able to access, interpret and apply a smorgasbord of information at a holistic business level. The vital roles of agronomists, consultants and some accountants are to facilitate that process and, in many cases, interpret and make available new technology, ideas and concepts, so farmers can make the best decisions about applying that technology.
- Some farmers are prepared to pay the same amount to high quality consultant advisers as they would to conventional city based professionals; while others are not. Those who see a benefit are prepared to pay and those who do not are not prepared to pay – this reflects free market forces in operation.

Segments of Agribusiness

In order to investigate the role and efficacy of agribusiness as providers of information and as a 'channel' for the delivery of RD&E, it is relevant to look at segments of Agribusiness.

Stone (2005) and Stone (unpublished) identified these distinct groups of agribusiness providers that are widely used by farmers and are considered to be the highest priority for initial engagement in the capacity building process:

- Resellers – such as the larger national companies Landmark, Elders and RuralCo / CRT plus smaller state and regional aggregations, such as AgNVet based in NSW, that market products and generates income largely from product sales and some fee for service. They provide both information and advice.
- Independent Consultants – who are principally agronomists or farm financial consultants. They generate income largely through fee for service in exchange for information or advice or planning / review activities. There is some evidence of commissions being generated from product sales.
- Suppliers to resellers – such as Nufarm, Bayer Crop Science, Syngenta, CSBP and Dow AgroSciences who are also suppliers of products and associated technical information to advisers (resellers and independents) and sometimes farmers. They market their products through resellers and may conduct R&D activities and some information delivery activities. Most are under financial pressure due to imports of cheap generic products.
- Accountants, financial and specialists – that are largely fee for service based
- Equipment suppliers – who provide new technologies that support innovations like precision agriculture.

Groupings of Farmers

In terms of farmer clients, the consensus from the interaction with farmers and agribusiness, is that farmers are best thought of in four categories of 'A' to 'D' that are current farmers, with an additional three categories focused on emerging farmer groups:

- 'A' class clients / farmers – who are the top farmers in their discipline and are true farm business operators and innovators
- 'B' class clients / farmers – who are lifestyle based, actively moving towards the 'A' class and are followers
- 'C' class clients / farmers – whose operations are largely static in terms of innovation and development – and could become 'B' or 'D' clients
- 'D' class clients / farmers – are regarded as traditionalists who might exit the industry
- an emerging group is the Lifestyle Farmers
- a further group is the next generation Young Professionals returning home to the farm business with external specialist training and experience – which may well be non-rural professions such as engineering or accountancy

- a further group is the Corporate Farmers – including larger organisations such as superannuation companies or expanding individual farmers who are seeking to ‘get big’.

Innovative business-like farmers (regarded as being the top 20% described in the Pareto Principle, [Stone, 2005]) are those who operate in a globally focussed business environment and concentrate on “doing business”. They rely heavily on ‘honest brokers’ that are mostly fee-for-service consultants and have no pecuniary interest in the information and advice provided. They see these honest brokers as being information consolidators and advisers in the true sense of the word and value their advice as one professional to another. They are prepared to pay accordingly.

Innovative farmers, in the A and B groupings, distinguish readily between ‘information’ and ‘advice’. Information is also being increasingly provided by farmer-directed groups, which seek out relevant information and deliver it according to group and member preferences. This contributes to information overload amongst farmers, who then turn to agribusiness advisers to synthesise the information into farm specific advice that will meet their farm goals and personal goals.

Innovative farmers are generally wary of resellers and believe that their advice often has ‘strings attached’. However, they will use resellers for a second opinion to help confirm their thinking or decisions. However, in many cases they have a personal and long-term relationship with reseller advisers. This relationship then may be the focus for determining their preferred adviser rather than the organisation the adviser works for.

Stone (2005) reports that traditional ‘D’ farmers are having real trouble accessing information and advice, especially because they are not willing to pay. Government services have largely disappeared, with the exception of the landcare type services, which have become surrogate, free government services.

The role of resellers is important for this group as these farmers don’t recognise they are paying for the advice through product or service costs, or simply choose to ignore that these costs are built in. The more innovative farmers question whether these traditional farmers are getting the best possible advice.

Current work illustrates that agribusiness is regarded by the innovative and profitable farm business operators as the key conduit to get information to them – and the most relevant and credible information / advice source they use for their decisions. These farmers use agribusiness as their ‘information synthesisers’.

Other learnings from the author’s research on past projects indicate:

- Increasingly farmers are seeking highly competent advisers, as their businesses become more complex and demanding. This can be in response to consumer demands for sustainable production methods, organic foods, high quality and safe foods, etc
- Agribusiness is the main detailed information source and adviser for farmers in the broadacre industries.
- Other more conventional information sources supply additional information or prime the farmer to ask questions of their adviser.
- Some farmers spend considerable time seeking out detailed information, the majority though seek ‘snapshots’ of information on which to base considered and detailed questions to their advisers.
- Such advisers are expected to be able to access complete answers to those questions – including highly technical data, actions to take on the ground, implications and other farmer experiences to support the practical ‘take home messages’.
- Within the agribusiness and farmer groupings there is considerable variation in terms of needs, expertise and interest.
- Such groupings – or target audiences – have to be considered separately in terms of determining how best to interact with them and meet their specific needs. This means

that the traditional ‘scatter gun approach’ of information delivery is no longer relevant or appropriate in terms of agribusiness advisers.

- Income production and profits must therefore be the key drivers for RD&E programs so these outputs can be passed on.
- Agribusiness and leading farmers are quite time poor – to the extent that leading reseller companies nominate a small number of decision support programs for use by their advisers and nominate quite defined numbers of days allocated to professional development.

A key emerging issue – the subject of current research – is to facilitate access of agribusiness advisers to all previously funded R&D outputs in one location or some form of an Information Repository. This includes cross organisation R&D on common issues like soil fertility, climate variability, water issues, etc.

Agribusiness Systems – RD&E

‘It (the research) has reaffirmed that agribusiness has a key role in information dissemination to growers; providing agronomic as well as business advice; an intimate understanding of the decisions undertaken in many graingrowing business enterprises; and, as a sector, is evolving and becoming more professional in response to market forces. In its interaction with GRDC, agribusiness is seeking access to information – and in return is interested in providing feedback into R&D priorities and industry strategy with an eye to the future.’ (Stone, 2007, findings from internal reporting to the Grains Research and Development Corporation (GRDC) project)

The author’s current work for GRDC has identified quite defined ways of potentially engaging with RD&E providers that have the ability to be highly effective information delivery conduits. *‘In investigating methods of information delivery it was has been found that personal methods of information delivery in an interactive setting with technical specialists are the primary delivery methods sought by agribusiness’.*

Outcomes were as follows:

- The importance of personal interaction with researchers and technical specialists cannot be overstated according to the agribusiness personnel.
- They recommend all possible means of connection are explored – both with agribusiness personnel as well as with growers.
- Agribusiness nominated the best means to connect with RDCs is to develop a Communications Plan specifically for agribusiness contact that recognises all the factors, which impact on the relationship between R&D provider and agribusiness.
- Agribusiness is seeking ways to access all available information – from their own networks, from products supply companies and from within R&D organisations
- An emerging issue is to see all R&D issues ‘housed’ in the one place that is readily accessible to farmers and advisers – and structured so that the information can be ‘synthesised into take home messages’ – via an Information Repository.
- Agribusiness seeks access to additional technical information though the proposed Information Repository. They seek regular updating on R&D outcomes and research in progress via some form of regular newsletter that is targeted to their needs. This has emerged consistently during recent project work as a very high priority.
- A continued updating of the understanding of the differentiation in the agribusiness market is crucial.

Agribusiness Context

Currently, there appears to be little communication between the major R&D organisations and agribusiness. This is due to different cultures and some suspicion from government based organisations about the profit based motives of the private sector. The agribusiness sector also perceives that there are ‘different ways of thinking and motivation’ that are inconsistent with their approaches.

The lines of communication that work at present mostly relates to previous (now private sector) government employees who maintain longer term relationships with those in government – and can be considered those who ‘cross the divide’. There is also little crossover or communication amongst the major agribusiness companies at a corporate level due to the strong competition in the market place – this is being quite consistent with what occurs amongst the private sector in non-rural industries.

Further, there is limited communication between private consultants and major companies – again due to competition.

The importance of these lines of communication is emerging – and methods to appropriately facilitate this are the current issue being investigated by the author over a number of management projects.

The recent moves at RDC and CRC level to build relationships with agribusiness is based on the growing realisation that agribusiness:

- Is the key conduit for extension of R&D findings to the end users
- Can act as a key feedback mechanism to facilitate accurate priority setting of future R&D by R&D funders and providers (as agribusiness works with farmers who are the ultimate end user of the R&D results on a daily basis)
- Is a capacity building mechanism that has yet to be fully canvassed
- Is an integral part of industry.

Current work reveals that farmers are driven by achieving a range of goals in their farm business enterprises. Some are fully financial, some are lifestyle, others are education of the children – and some are a mix of these ... and a range of other factors too extensive to list here. This work also reveals that in general, farmers don't appear to care about the internal processes of government and agribusiness – they simply want to see the end result. To them it is a simple equation – put the money into ‘the system’ to have the R&D work done – then ensure the timely delivery of relevant, practical and contemporary technical information to them in terms they can understand. To most farmers it is inconceivable that agribusiness is not intimately involved in ‘the system’.

Agribusiness Drivers

The production of income and company / business profits are the key overriding drivers of agribusiness when considering the identity of, and the servicing of, client needs. Those who fail to operate their businesses profitably rarely remain in business. Therefore agribusiness must balance providing information and advice about short and long term and private good and public good issues, based on a range of financial, time, personal interest, client requirement and knowledge factors.

As agribusiness is based on generating an income, this often means ‘public good’ issues which clients are not prepared to pay for (such as NRM issues), are not yet areas that can sustain a FFS information delivery or advisory service. As a result, these areas are generally unprofitable and fail to attract skilled service providers. However agribusinesses working for clients such as RDCs or state agencies are able to undertake NRM-type work that is externally funded and does not require substantial farmer FFS contributions. Some agribusinesses are utilising Natural Heritage Trust funds for NRM works. However the ‘government distrust of agribusiness profit motives’ is anecdotally known to adversely affect this form of NRM-type service provision by agribusiness.

Some industries are more prepared to pay for information and advice than others. These include the grains, dairy, horticultural and intensive industries – and the more professional farmers / more profitable farmers (‘A’ and ‘B’) who realise the value of information and advice. This ‘user payers’ information and advisory selection process across the farming community reflects government policy – which is based on allowing market forces to operate in the delivery of market-based private sector services.

This means some industries have low level advisory services, as the profitability is not there to sustain the services. The agribusiness model means that supply and demand will only equilibrate when the customer is prepared to pay for that product and / or service.

Agribusiness operators of today acknowledge this emerging issue as they strive to meet the increasingly sophisticated needs of their customers and of industry at large – and run a profitable and financially sustainable business. They are generally able to forecast the needs of their customers. However they see emerging issues in finding and paying appropriate professional staff to service the current and future demands in the global agri-foods market place that is developing.

Agribusinesses also note inconsistencies in the market place when they are competing with remaining free or subsidised government services (when governments appear to have actively withdrawn from extension) and that some RDCs are supporting these services in some cases. (Stone, 2006)

Equally, they question why RDCs fund projects developed by the state agencies when agribusiness (and many 'A' and 'B' farmers) believes that those research and extension personnel are largely out of touch with their clients and, conversely, it (agribusiness) is in close touch. They question whether there wouldn't be better value for money in focussing on supporting the agribusiness consultants and contractors who are actually 'doing it' at the 'coal face'. (Stone 2006, APEN paper)

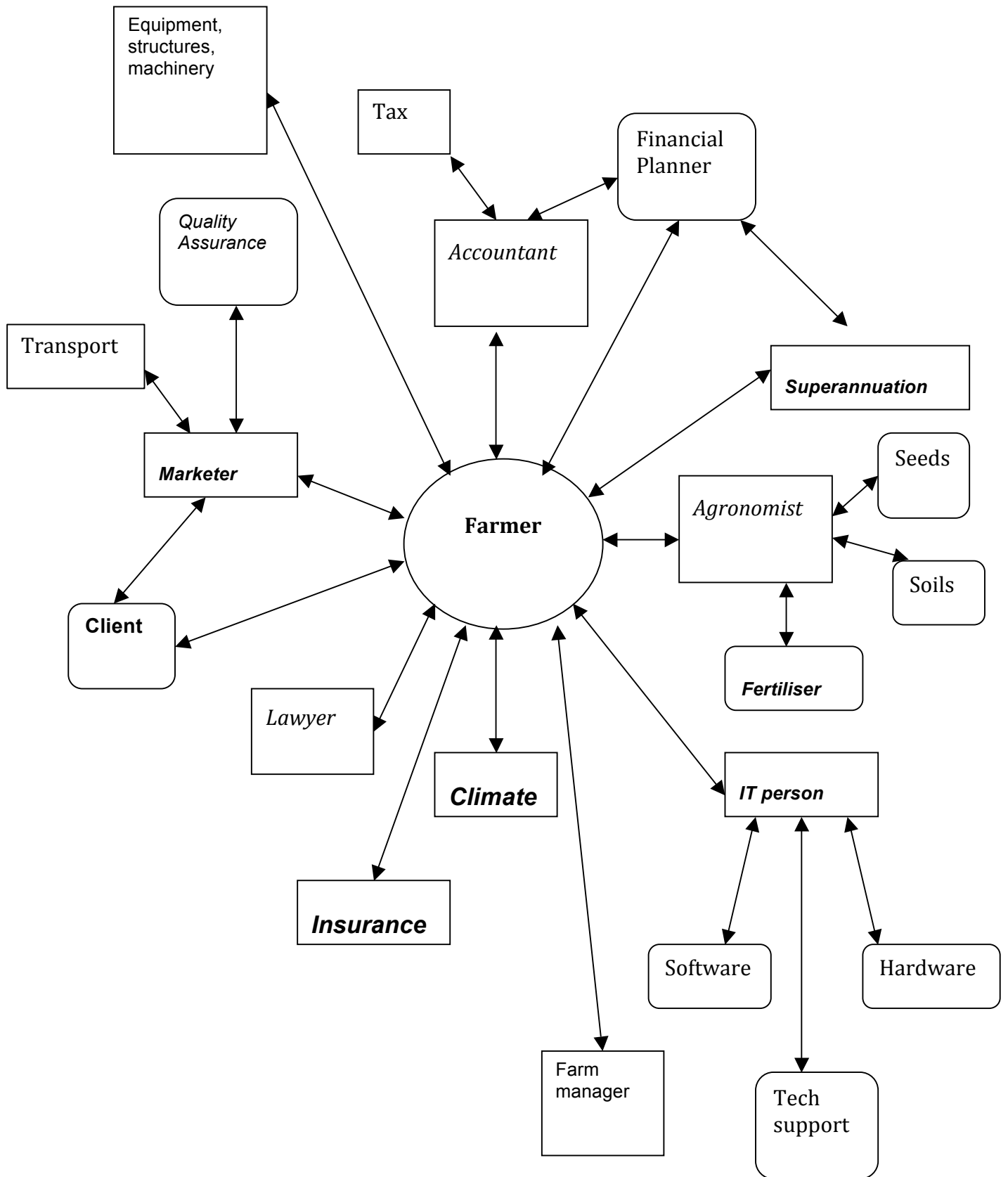
State and Federal government agencies are faced with making policy decisions about the role of agribusiness in capacity building – given that agribusiness is now arguably the most effective conduit to convey information and advice to farmers.

The continued evolution of agribusiness's role in capacity building is likely to encompass:

- Facilitating the honest broker process so farmers can be sure they are getting the right information and the right advice to fit their needs
- Continued emergence of farmer-directed honest broker groups which can assist in both information and advisory roles
- A transition to full FFS in 5 to 10 years for most information being supplied – no matter who the supplier is (role of free market forces)
- A change in the mix and role of reseller advisers compared with private consultants – as long as the personnel are there to service those needs
- Further development of the one-stop-shop concept – through alliances and more agribusiness-to-agribusiness support
- A metamorphosis and evolution of the rural information supply and advisory services offered by agribusiness – as agribusiness reflects the changing needs in the market place as they monitor farmer client needs and respond accordingly
- Greater engagement of state and federal agencies and R&D personnel with agribusiness
- The need to address issues associated with closed loop marketing and ownership and use of intellectual property – where information is retained within organisations for commercial benefit or provided by R&D agencies as papers into journals that are not readily accessible to agribusiness
- Professional development of advisers, along with possible accreditation
- Considerable attrition of traditionalist farmers in part due to their inability to access advice and information
- Short-term assistance for some laggard industries, like livestock, to facilitate their transition to full user pays services or to allow market forces to prevail completely.

In terms of understanding the current advisory and information processes operating with agribusiness, the 'Advisory Hub' – gives insights into this process.

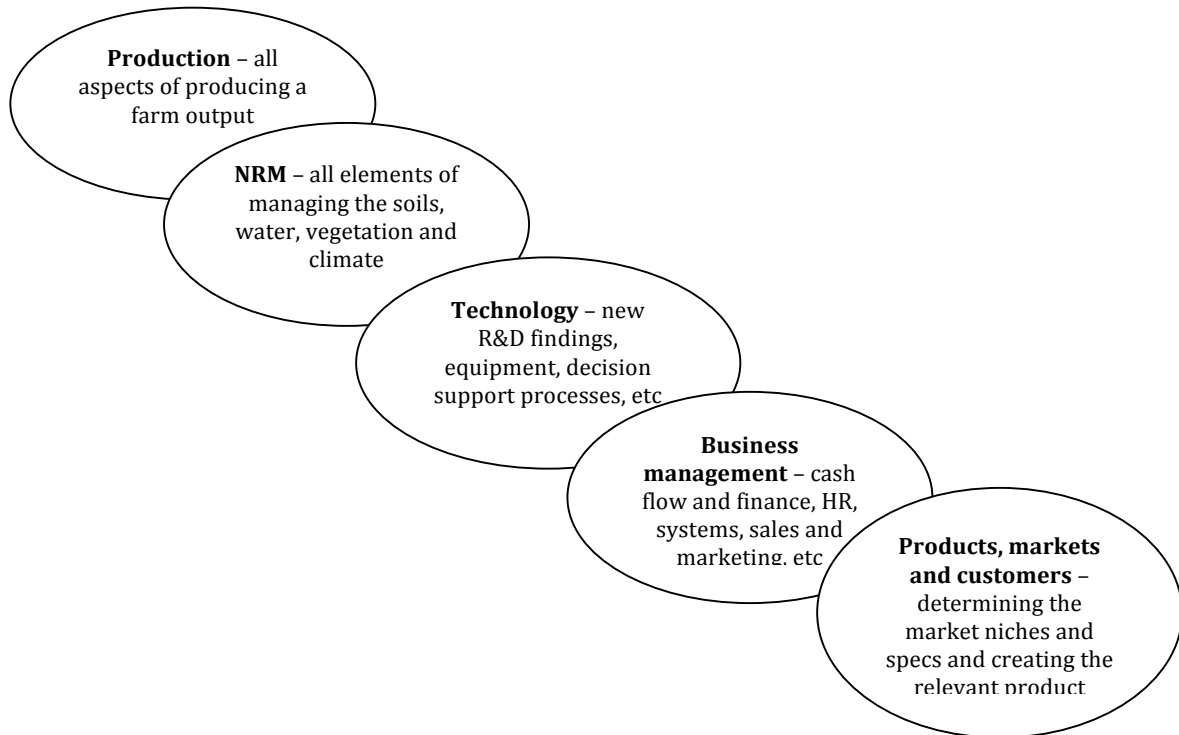
Figure 1 - The Advisory Hub



The future

Current work being undertaken by the author reflects on the key issues emerging from the changing needs of farmers and agribusiness. They can best be considered in context of the future farm business, which will feature a balanced approach to five key components of the 'farm business'. Examples of the focus of the business like farmer on these five business components are increasingly common, as the farm business operator takes an increasingly professional approach to running a farm business that will operate in the global market.

Figure 2 – The five key elements of the professional farm business



The author proposes that the future will be characterised by:

- A focused appreciation of Australia's role and strengths and weakness in the global agrifoods industry and market place with Australia increasingly supplying into higher value market niches
- A strong collaborative culture between the whole R&D sector and agribusiness – with an appreciation of each others perspective – in filling those niches
- Joint relationships between state agencies / the R&D sector and agribusiness based on a joint culture of information supply by agencies, synthesis of that information by agribusiness into information products and packages that are jointly badged, delivery of those products by agribusiness on a 1:1 basis and small group basis, feedback from agribusiness to state agencies and R&D providers on farmer R&D needs
- Inclusion of NRM and Products, Markets and Customers elements into holistic agribusiness farm advisory services
- Greater management of farms by farm business owners / managers with a professional and corporate approach to doing business – where all five elements of the farm business is activated
- Greater segmentation and specialisation of agribusiness advisers as the farm business becomes increasingly sophisticated and farmers rely strongly on outsourced advice
- Complete use of the FFS model

- The inclusion of NRM issues and public good issues into agribusiness on-farm advisory services
- Further technological advancements in the delivery of information from R&D to the Extension, Adoption and Capacity Building roles of agribusiness
- Development and updating of an Information Repository and a strong collaborative Knowledge Management and Feedback system to ensure the knowledge management is meeting customers needs
- An increasingly vibrant agrifoods industry and sense of excitement as younger people engage with the positioning of the Australian industry in the global market.

Summary

Innovative farmers across all rural industries have very defined needs in terms of accessing information and advice from agribusiness – and are prepared to pay (what they consider to be) fellow professionals at market rates. Traditional ‘C’ farmers have yet to come to grips with this change and the need to pay – while ‘B’ farmers have different relationships again and increasingly accept the need to pay.

‘A’ and ‘B’ farmers are accepting the transition of the Australian industry into a global agrifoods industry thus providing challenges and opportunities. Government agencies are less aware of these issues (due to their operational constraints) while agribusiness itself is gradually evolving to meet the demands and opportunities created by the operation of free market forces in the global economy. Agribusiness is vitally aware of this transition due to their business-like approach.

Challenges with this transition include:

- Establishing a feedback loop on RD&E outputs and research priorities from state agencies and providers to these new front line agribusiness advisers,
- Agribusiness (and government agencies) accessing suitable personnel,
- Linking the cultures of government agencies with the culture of agribusiness and each finding common ground with the other,
- The need for “honest brokers” in this information / advisory process,
- Greater segmentation of farmers and agribusiness advisers,
- Skill levels of professionals in rural and regional areas,
- Establishing an information access and feedback mechanism through a form or forms of Information Repository that are readily deliverable to a highly mobile agribusiness advisory force.

The dominance of some key agribusiness operators in rural capacity building is an issue while the capacity building of the agribusiness sector at large is a challenge. The link between R&D and agribusiness information delivery and advice requires strengthening.

The role of agribusiness as a key farm extension and advisory force continues to evolve. One of the key drivers is to ensure that agribusiness establishes a profitable advisory or extension model that will be sustained into the future.

In past many of the costs of extension and advisory roles could be absorbed by agribusiness when various farm input products were sold as part of or incidental to the advice and information delivery. Only a small percentage of agribusiness operated on a true FFS business model.

There is now such strong competition and the use of ‘generic brand products’ with slim profit margins has become so widespread – and farmers are increasingly buying input products on price alone – that the trend towards ‘fee-for-service’ advice and information delivery is strengthening and expected to become the norm rather than the exception within 5 years. This supports the notion that farmers are becoming increasingly sophisticated users of information

and advice and are seeking separation and transparency of the information supply and advisory services from other product / service supply.

It is clear that the role of agribusiness in capacity building is strong and vibrant. Greater partnerships and collaboration – and addressing of key issues such as different cultures and attracting skilled professionals into the sector – are key areas for attention in the short term.

Abbreviations and acronyms

APEN	Australasia Pacific Extension Network
CRCs	Cooperative Research Centres
CV	Cooperative Venture for Capacity Building
FFS	Fee For Service
NRM	Natural Resource Management (soils, water, bio-diversity, catchments and landcare, etc.)
RDCs	Rural Research and Development Corporations
R&D	Rural Research and Development
RD&E	Research, Development and Extension
1:1	one on one (officer to landholder / primary producer) contact

References

Stone G (2005). – *Agribusiness Role in Extension, Education and Training: a Case Study. A Report to the Cooperative Venture for Capacity Building, June 2005, RIRDC Publication No 05/086, RIRDC Project No GSA-1A*

Stone, G. (2006) – ‘Agribusiness role in extension, education and training – a case study’, *Australasia-Pacific Extension Network (APEN) 2006 conference paper.*

